National Council on Electric Policy

Report

Technical Assistance for The New Jersey Renewable Energy Task Force

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Introduction

The National Council on Energy Policy has a long-standing priority to provide technical assistance to states. This report describes the recent technical assistance provided to New Jersey as the state further develops its renewable energy policies.

While New Jersey has been aggressive in adopting disclosure requirements for fuels and emissions, a renewable portfolio standard and a clean energy deployment fund, state agencies were divided over whether load-serving entities (LSEs) could use renewable energy credits to comply with the New Jersey renewable portfolio standard. It was this matter that originally brought the National Council and the New Jersey Board of Public Utilities (BPU) together to discuss a possible technical assistance project.

In the midst of addressing this concern, New Jersey took on a new and related challenge. In late 2002, Governor James E. McGreevey created the New Jersey Renewable Energy Task Force. The Task Force represented a broad spectrum of views on renewable energy and the state's electric industry and was directed to increase the deployment of renewable energy in New Jersey. Specifically, the governor asked the Task Force to consider increasing the requirements of the existing state renewable portfolio standard.

Contemporaneous to the Task Force, a working group of the PJM Interconnection, the Mid-Atlantic region's regional transmission organization, was developing a regional protocol for tracking electric generation attributes, including renewable energy credits. New Jersey used these two forums to work through the issues surrounding whether a market of generation attributes can be trusted to promote renewable energy in New Jersey while protecting consumers.

New Jersey is a leader in its region in the policy arenas of disclosure and renewable energy. This makes New Jersey a pivotal state with the potential to affect policies that may be implemented in the future in other nearby states.

The National Council on Electric Policy has had a long interest in electricity attributes. It sponsored original work on electric product disclosure that has contributed to policy in many states. The National Council therefore decided to support The Regulatory Assistance Project (RAP) to assist New Jersey in addressing renewable energy credit concerns. It seemed likely that the method of tracking renewable certificates would be addressed and perhaps resolved by the efforts of the Renewable Energy Task Force. The potential to influence policy in other states was also attractive to the National Council. Assistance took the form of supporting time and expenses to facilitate the meetings of the New Jersey Renewable Energy Task Force, and for RAP to advise staff and Task Force participants at key points in the process.

Unlike a single workshop or presentation, assistance took place during several meetings over the course of two months. This report recounts the issues and challenges faced by the Task Force. Where appropriate, the report identifies lessons applicable to other states and situations.

Throughout this process, BPU staff, notably, Linda Nowicki, made a great effort. Appreciation is also extended to BPU President Jeanne Fox, who provided encouragement and much valued advice. Staff at Exeter Associates, Inc., provided welcome editorial contributions to this report.

The Task Force

The Executive Order directed the Task Force to report to the Governor by March 31, 2003. The Task Force met three times in person in New Jersey during February and March 2003, and once by telephone at the end of March. In addition, there were meetings of working groups of the Task Force. Please see the attached Task Force report and member biographies for details on Task Force procedure, membership, and its findings and recommendations.[1]

The recommendations of the Task Force are being addressed in a rulemaking by the BPU. Issues that require further collaborative discussion are referred to the BPU's Clean Energy Council.

Issues Addressed by the Task Force

The Task Force had a host of issues to deal with. These include data, effects within New Jersey's borders, how to sustain renewable development and foster declining costs, and others. A process concern for the facilitator was how much should be accomplished during the limited life of the Task Force, and what issues could be deferred for a more deliberate debate.

A basic challenge of the Task Force was estimating the potential renewable energy supply that could serve New Jersey at a reasonable cost. The challenge was made more difficult because the Task Force did not have time to make the thorough forecast that might have been most appropriate. Other states have developed a detailed supply and demand analysis of qualifying renewable energy, but this was not possible in this case. The Task Force members were motivated to extend themselves to develop sufficient information to make the conclusions they made.

While some were anxious to have a stretch goal for the state, others worried about over-reaching. In the end, the Task Force's conclusion to double the 2008 Class 1 renewable requirement for LSEs from 2% to 4% of total supply, is substantial, realistic, and by allowing significant notice to the market, demonstrates regulators' flexibility on how market participants achieve the 2008 goal.

A very long-term goal of 20% renewable energy by 2020 was also adopted. Many viewed this aggressive long-term goal as necessary (though probably not sufficient) to produce a sustained market response. This sustained market response is important to both attract

[1] The New Jersey Renewable Portfolio Standard defines two classes of renewable energy. The Task Force focused solely on Class 1. The Task Force did not see changing the legislatively created class definitions as part of its charge. Please see the Task Force report for details Class 1 and 2 definitions. The BPU did advise the Task Force that the BPU has the authority to change the RPS percentages by rule.

renewable energy industry to New Jersey and to drive down the cost of renewable energy installations in New Jersey.

Experts on renewable energy identified availability of long-term contracts as another necessary condition for sustained renewable energy development. In the present New Jersey wholesale market, with disaggregated utilities and default service providers with only short term commitments (less than a year) from the state, there is no entity in a position to sign a ten or fifteen year contract with a renewable energy provider. Long-term contracts would reduce risk for the supplier, allow lower sale prices (lowering the cost of the RPS to New Jersey), and make the market more welcoming for new suppliers. A solar power advocate, for example, suggested that a fifteen-year production contract could have sale rates at half of what a short-term contract would produce. On the other hand, the Task Force was aware of the history of required power contracts with qualifying facilities under the Public Utilities Regulatory Policy Act (PURPA) and wanted to be cautious about the nature of new long-term commitments backed by consumers. The Task Force did not come to a conclusion on how to address the long-term contract issue, but did develop some policy approaches for future assessment.

The Task Force eventually agreed that developing solar energy in New Jersey for the state's RPS should be a priority.[2] This concern was complicated as advocates for small wind and biomass also suggested that policies assuring development of these technologies are also important. On the other side of both these concerns was a preference by some to avoid government programs favoring any particular renewable technologies.

Acknowledging both the long-term potential and the immediate high cost of solar power, the Task Force did agree to recommend a goal for solar energy development within New Jersey in 2008. The Task Force studied in some detail innovative policies that would achieve this result, but as there was limited time, this issue was held over to the Clean Energy Council that was formed previously by the BPU. These policies would serve in various ways to address barriers to solar energy development, including the challenge of long-term contracts, the challenge of upfront capital requirements, and the challenge of standardizing the relationship between the utility and customer with on-site solar power. See Item 4 of the final report (attached) for details about these innovative policies. The Clean Energy Council will consider whether a similar goal for other fuels or technologies is appropriate.

The Task Force addressed New Jersey's place in a much larger electricity market. While most wanted as an outcome significant development of renewable energy in New Jersey, others felt it was just as important that a regional renewable energy market develop as a result of New Jersey policy and demand. Ultimately, the Task Force was comfortable with crediting power generated within the current boundaries of the PJM RTO. Most shared discomfort, however, with the idea that credits from renewable energy generated beyond a realistic delivery distance (wind in North Dakota, for example) would count in New Jersey. Many were also uncomfortable with the implications of an expanding PJM

[2] The Task Force was reminded that some consider New Jersey the Persian Gulf of flat roofs.

on the remoteness of some renewable sources in the PJM market. Some feared that increasing the RPS would only serve to make New Jersey a more attractive market for landfill gas from states to the west. All were concerned that other nearby states adopting renewable portfolio standards could create shortages of renewable credits. The shadows of the larger states, New York and Pennsylvania, loom particularly large. The Task Force agreed that re-examining the RPS numbers in the event of significant actions in other states, or significant changes at PJM, is prudent.

Anticipating that the New Jersey requirement will escalate gradually over time from 2008 to 2020, Task Force members agreed that there may come a time when there is a need to scale back the requirement due to new RPS requirements in other states with an interest in maintaining a balance of supply and demand of renewable energy credits. In this event, the Task Force agreed that scaling back would take the form of delaying or canceling planned increases in the requirement, rather than cutting the requirement from then current levels. This idea assures providers that current levels of demand, whatever they are, will not be reduced with a potentially devastating effect on the renewable energy market. Meanwhile, renewable energy providers relying on future New Jersey increases would have new markets in other states to sell into.

One issue demonstrated that a Task Force of this nature is always integrated with politics. An alternative compliance mechanism, a way for retail energy providers subject to the RPS to pay into the New Jersey Clean Energy Fund in the event they acquire insufficient renewable energy credits, was negotiated in a legislative context contemporaneous with the Task Force. The Task Force adopted this agreement, acknowledging that some sort of alternative compliance supporting renewable energy is appropriate.

The mandate of the Task Force was broader than just the renewable portfolio standard. Availability of clean energy choices that are easy for the customer to make was a topic easily agreed to by the Task Force. The Task Force was shown the Niagara Mohawk program in New York, which uses a check-off form included in utility bills to enable customers to select voluntarily a renewable energy-oriented product, rather than default service, and this provided confidence that the policy is sound.

The state of New Jersey mobilized other state agencies beyond the energy and environment regulators to participate. The economic development office has committed financing capacity to renewable projects in New Jersey. This is a useful lesson in government synergy.

State officials also appeared to recognize that regional electricity markets means that renewable energy markets are also regional. This suggests that political communication among the state officials in New Jersey's market region is important to achieve the Task Force's vision. The state appeared quite prepared to work with other states to make RPS requirements the norm for the Mid-Atlantic region.

Active participation by key state officials at all meetings, specifically, the BPU President and the deputy commissioner of the New Jersey Department of Environmental Protection

(DEP), was vital to motivating the parties toward compromise. The strong interest of the Governor's office was evident and essential to the success of the Task Force. The public advocate provided useful backstopping on certain issues, primarily but not limited to the cost of any new requirements. Advice from the Office of the Attorney General was very useful on Interstate Commerce issues. It was also to the benefit of the process that the state officials were flexible on most issues going into the process – there was a genuine openness to the outcome of the discussion, though it is fair to say that increasing the RPS from current levels was telegraphed as a strong preference.

The Original Issue: Tracking Certificates or Contracts

The Task Force discussions connected with PJM discussions appear to have provided comfort to officials at the BPU and the DEP that a system that tracks energy certificates can promote the renewable and clean energy market they are looking for without misleading customers or causing other negative effects in the market. It is important to add that the conditions under which the certificates are issued (to assure no double counting) and the market supervised by PJM are integral to the position of the state agencies. Relying on a certificate market would eliminate the need for market participants to trace renewable credits back to the source of generation, or to record the owner of the energy as it changes hands. A separate market for certificates would serve to measure compliance with the RPS. The Task Force recommended that New Jersey rely on the PJM regional system.

The Role of the Facilitator and Conclusions

The purpose of the facilitator is to allow and ensure all participants are heard and to keep the discussion moving. It seems that this was done effectively since many Task Force members stated that they were pleased and impressed with the process.

Recognizing the possibility of strong held opposing views within the group, parties were offered the opportunity for minority views to be reflected in the final report. However, the group worked hard to resolve issues, or to at least make sure there was nothing totally objectionable in the final report, so no minority views were recorded, and all members endorsed the final report.

Another important element of the task is to appreciate the parties' perspectives and anticipate compromises, and this consideration was particularly respected in two situations. In one instance, a seminal group of participants during the second meeting talked about doubling the RPS requirement in 2008, and this became the foundation for the rest of the work, though it took some time for others in the Task Force to agree. In another example, it became evident that a critical mass of participants wanted to have a special provision for solar energy, and time was allotted to secure this resolution.

It is also important for this process to give hope to those whose views were not explicitly adopted. The timeline for this process was quite short for a government Task Force, i.e., about two months. This meant that the most important issues had to be identified and settled, while second tier issues needed identification and teeing up for later work by the

New Jersey Clean Energy Council. An example of this is the prospect for a preference for small wind or biomass.

As the BPU was the convener of the Task Force, and its president, Jeanne Fox, the Task Force chair, it was important that there be strong communication between the facilitator and all BPU staff. Despite being over-loaded with work, BPU staff and President Fox were available, and were willing to listen to ideas on how to bring the process to a sound conclusion.

The presence of a facilitator experienced in renewable energy issues allowed President Fox to be a full participant in the work of the Task Force. This was important, especially at times when "political leadership" was needed to return theoretical debates to the realm of the possible. Yet the BPU did not appear to dominate the proceedings, adding to a sense of openness to ideas from the Task Force.

The bottom line conclusions of the Task Force were to double the existing requirement of New Jersey LSEs to buy Class 1 renewable energy in 2008 from 2% to 4%, and for New Jersey LSEs to buy 20% of their energy from Class 1 renewable energy in 2020. These significant near and long-term targets, and the agreement they attracted from the Task Force, speak to the success of the Task Force, as well as to the commitment of the state of New Jersey to a diverse and significantly renewable electricity supply.

This use of a time-limited, intense Task Force is a useful model for tackling a large set of issues in a short time, and met the needs of New Jersey in this case.

Attachment A

Final report of the New Jersey Renewable Energy Task Force

I. Introduction

Governor James E. McGreevey established the Renewable Energy Task Force by Executive Order on January 28, 2003. The Task Force was created to make recommendations on how to increase the use and development of renewable energy in New Jersey. More specifically, the Task Force was charged with advising the Governor and the Board of Public Utilities on how to strengthen New Jersey's Renewable Portfolio Standard (RPS) for Class 1 renewable energy.[3] The RPS, adopted in 1999, requires that energy suppliers providing power to New Jersey supply a minimum percentage of power generated from renewable resources.

New Jersey already stands as a national leader in the development of renewable energy. New Jersey is the only Mid-Atlantic state to adopt renewable energy requirements of all retail energy suppliers. Moreover, through the New Jersey Clean Energy Program the state has one of the most aggressive funding mechanisms in the nation for promoting renewable energy. Since this program's inception in 2001, New Jersey has invested $51 million in promoting the use of renewable energy.[4] In addition, in 2002 New Jersey's state government signed a contract to receive 12% of its power from renewable resources. This initiative has made New Jersey the cleanest powered state government in the country, and earned the state the 2002 Green Power Leadership Award from the U.S. Environmental Protection Agency and U.S. Department of Energy.

Despite all of these successes, however, the members of the Renewable Energy Task Force agree with the Governor's assessment that New Jersey can do even more to accelerate the development of renewable energy. As the Governor stated in Executive Order #45, the increased use of renewable energy has many benefits, including: reducing greenhouse gas emissions and other pollution; decreasing our reliance on fossil fuels, which can help protect energy prices from potentially volatile fossil fuel markets; promoting economic development around renewable energy industries; and increasing our security by relying on cleaner and more distributed sources of energy.

Accordingly, the Task Force respectfully submits this report, and the recommendations contained therein, to the Governor. The Task Force believes that these recommendations, if implemented, will further advance the development of renewable energy in New Jersey and the surrounding region, and will ensure that New Jersey continues to be a national leader in renewable energy.

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[3] Class 1 renewable energy is defined in the Electric Discount and Energy Competition Act as "electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, and methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner"

[4] The Clean Energy Program funds initiatives to promote both renewable energy and energy efficiency. The program is currently funded at a total of roughly $120 million per year.

II. Process and Methodology

The Renewable Energy Task Force consists of 16 members, including representatives from state government, environmental and consumer groups, wholesale energy providers, the renewable energy industry, utilities, regulators, academics and national experts (*see the appendix for complete biographies of Task Force members*). During the nine weeks since the Governor's appointment, Task Force members have held three in-person meetings and convened numerous conference calls in order to develop their recommendations. The Regulatory Assistance Project, supported by the National Council on Electric Policy, provided facilitation support for Task Force discussions.[5] The New Jersey Department of Environmental Protection (DEP), the New Jersey Board of Public Utilities (BPU), and PJM Interconnection provided staff support for this effort.[6]

In developing its recommendations, the Task Force analyzed available data on: the current renewable energy generation capacity in the region; the resources available for developing new Class 1 renewable generation capacity; and the costs of developing various types of renewable energy. Using this data, which was primarily provided by DEP, BPU and PJM, the Task Force developed multiple models for the potential for Class 1 renewable energy development in New Jersey and the surrounding PJM region. In addition to these models, Task Force recommendations were informed by discussions with multiple participants in the energy market, and by drawing on the considerable range of experiences and knowledge about all facets of the energy industry that exists among Task Force members.

The Task Force's final recommendations balance many factors, including: the financial costs to ratepayers of developing renewable energy; the time needed to develop energy generation projects; the environmental and health benefits of increased renewable energy usage; the potential for economic development around renewable energy industries; the security and reliability benefits of cleaner and more distributed forms of energy; the value of a decreased reliance on fossil fuels; the current state of the energy market; and the relative strengths and weaknesses of different types of renewable energy with regard to all of these factors.

After much deliberation, Task Force members have arrived at a set of recommendations that we believe are in the best interests of New Jersey citizens, and will help achieve the Governor's goal of making New Jersey the national leader in the development of renewable energy. The members of the Task Force unanimously endorse this report, and the recommendations therein.[7]

III. Task Force Recommendations

[5] The Regulatory Assistance Project is a Vermont-based organization that advises state and national governments on energy policy.

[6] PJM Interconnection is a limited liability company responsible for the operation and control of the bulk electric power system throughout major portions of five Mid-Atlantic states and the District of Columbia.

[7] The views expressed in this report, however, do not necessarily represent the exact or official positions of the organizations represented by members of the Task Force.

1. The Task Force recommends that the annual RPS requirement for Class 1 renewable energy be increased to 4% by 2008, doubling the existing requirement for 2008. The Task Force also recommends that the RPS requirement be set at 20% by 2020.

   Some Task Force members believe that a greater increase in the 2008 RPS requirement would be appropriate; however, the Task Force agreed that closer analysis of available data would be necessary before such an increase were considered by the BPU. The Task Force also suggests that the BPU create a committee of the Clean Energy Council (*see Recommendation #14*), to develop a recommended schedule of portfolio requirement increases for every year from 2004 to 2007, and 2009 to 2019.

   The Task Force recommends that the Board of Public Utilities adopt new requirements for the years 2004 through 2008, and the year 2020, by rule before the end of this year. The standards for 2004 through 2008 should not be reduced under any circumstances. A straw (or draft) schedule for 2009 through 2019 should also be included in this rule to frame the discussion on the availability and cost of renewable resources for this period. Final requirements for this later period, however, should not be adopted until greater data analysis can be completed.

   In order to assist the development and financing of renewable projects, the Task Force feels it is important that RPS percentages must be established as minimum percentages, with the BPU having the authority to increase the percentages. RPS requirements after 2020 should be maintained at the 2020 level, until such time as there is more data available to adjust those requirements in an informed manner.

2. While the standards recommended above will send a clear signal to developers and investors that New Jersey is a fertile place for investment in renewable energy, a successful RPS policy must also have the flexibility to adjust to changes in technology, the economic climate, or the related policies of other states or the federal government that might occur over the long time horizon of the RPS policy. Accordingly, the Task Force recommends that the BPU should consider adjusting RPS percentages beyond 2008 in the event of: a) significant changes in technological or other development of renewable resources; b) significant changes in the cost or relative cost of renewable resources; c) development of a RPS in other PJM states; d) the implementation of a federal RPS; or e) further geographic expansion of the PJM regional transmission organization.

   Any such changes that are made should be: prospective in nature, and not retroactive; should never reduce the RPS below the percentage of renewable energy that has already been achieved; and should be provided with two years notice to allow for orderly changes in investment plans, unless immediate changes are necessary to adjust for inappropriate market reaction to the RPS or significant and unanticipated changes at the regional or national level.

3. The Task Force recommends that renewable energy be counted toward compliance with the RPS requirements only if it is generated within, or delivered into, the integrated multi-state PJM system that serves New Jersey. Renewable energy generated outside the PJM region, as it was configured on January 1, 2003, must demonstrate that it is delivered into PJM by evidence of a contract or by applicable scheduling and delivery data from PJM. Finally, renewable resources from outside PJM should only be eligible to meet New Jersey's RPS if they are new facilities. "New" facilities are defined as those commencing construction on or after January 1, 2003. For renewable energy that meets these requirements, the renewable attributes of the energy can be unbundled and used to demonstrate compliance with the RPS (*see Recommendation #5*).

   These requirements will ensure that the RPS is implemented in a manner that can be feasibly tracked and enforced, and that operates smoothly in conjunction with our current energy markets. As long as renewable energy is delivered into the PJM system, New Jersey should enjoy benefits from reduced fossil fuel generation in the PJM region, such as improved environmental and public health impacts and increased energy independence. Other recommendations contained in this report, as well as other state programs such as the Clean Energy Program, will further promote the development of renewable energy generation capacity specifically within New Jersey. Finally, the requirement that any generation outside of PJM must be new generation will ensure that the RPS drives the creation of new renewable generation capacity, and is not simply met with the transfer of energy from existing facilities.

4. The recommendations of this Task Force provide extensive incentives for the development of renewable facilities in New Jersey and the region; however, additional incentives are needed to allow the photovoltaic solar industry to become more viable in the regional marketplace. As such, the Task Force recommends that a comprehensive set of policies be developed that will enable substantial levels of photovoltaic solar generation capacity to be developed in New Jersey, thereby making New Jersey a leader in photovoltaic solar development. Specifically, the Task Force recommends setting a goal of 120,000 MWhs of new photovoltaic solar generation located within New Jersey by 2008, and developing policies designed to meet that goal.

   Policies that would enable New Jersey to meet this goal must address current barriers to photovoltaic solar investment, including: offsetting the high upfront cost of photovoltaic solar power; addressing the photovoltaic solar power industry's need for additional credit support; increasing the availability of longer-term contracts that are needed to reduce the annual cost of photovoltaic solar power; and making standard contracts available to reduce transaction and marketing costs for smaller photovoltaic solar projects.

   The Task Force considered a number of policies to address these existing barriers to investment in, and development of, photovoltaic solar facilities including the following four mechanisms:

a) Requiring that a specific amount of renewable energy in each supplier's portfolio come from photovoltaic solar facilities located in New Jersey;
b) Increasing the relative 'value' of each kilowatt-hour of energy generated by New Jersey-based photovoltaic solar facilities toward meeting a supplier's RPS requirement (under a certificate-based system, the value of a photovoltaic solar certificate would be increased by a multiple, to be determined by the BPU; see recommendation #5 for a description of certificate-based systems).
c) Establishing an administrative body responsible for ensuring that a designated number of photovoltaic solar certificates are included in the renewable energy portfolio of each supplier serving retail customers; setting the cost or price of the certificates; selling the certificates; and entering into long-term contracts and purchase agreements to acquire those certificates on behalf of New Jersey retail energy suppliers; and/or
d) Mandating that a minimum percentage of the RPS Class 1 requirement be met with renewable energy produced from photovoltaic solar sources.

The Task Force also discussed the use of some of the above-listed options as a means of promoting Class 1 distributed generation[8] more generally, as well as a means to promote clean renewable generation (for the purposes of this report, clean renewables are defined as zero-emissions renewables and clean biomass). The Task Force believes that there is value in developing appropriate policies for promoting these subsets of Class 1 renewable energy.

Given the limited time that the Task Force had to develop its recommendations, Task Force members do not feel they have adequately evaluated these options for improving the viability of photovoltaic solar energy in New Jersey. The Task Force suggests that a committee of the Clean Energy Council (*see Recommendation #14*) identify the most effective strategies, including but not limited to the above options, for meeting the goal of developing 120,000 MWhs of new photovoltaic solar generation in New Jersey by 2008. The Task Force suggests that a committee of the Clean Energy Council also continue to examine the appropriateness of similar policies for promoting other forms of Class 1 distributed generation and clean Class 1 renewable generation, more generally. Finally, this committee of the Clean Energy Council should evaluate the appropriateness of setting similar goals for other sources of customer-sited renewable energy, including wind, clean biomass, and tidal sources.

5. The Task Force recommends that a certificate-based program that tracks the renewable 'attributes' of energy separately from the actual energy should be utilized to track and implement the RPS requirement. Under such a program, the renewable attribute of the energy is 'unbundled' from the energy itself; that is, a renewable energy generator can sell its energy to one energy supplier and sell the renewable attribute certificate for that energy to a separate energy supplier, which would then use that certificate toward meeting its RPS obligation. The state should support the

[8] Distributed generation is the use of small-scale power generation technologies located close to the entity that is using the electricity.

development of such a program by the PJM Generation Attribute Tracking System (GATS) Working Group. This unbundled certificate program will allow New Jersey to meet its progressive renewable energy goals in an efficient, enforceable, market-based manner that allows the trading of attributes as certificates.

6. The Task Force recommends that all retail suppliers in New Jersey be required to disclose the renewable attributes of the power they sell to customers on an annual basis. An annual accounting of renewable generation, as opposed to shorter time frames, is appropriate given the variable nature of electrical generation from renewable facilities.

7. The Task Force recommends that compliance with the RPS be enforced in two ways. First, the BPU should review the compliance filings by retail suppliers to ensure that they have an appropriate and verifiable mix of renewable resources in their supply mix. Suppliers should be given the opportunity to address any shortfalls in compliance with the RPS during a given year by making up that difference the following year, provided that a supplier is not allowed to continue a shortfall beyond the following year.

   Second, retail suppliers should have the opportunity to achieve compliance with the RPS through an alternative compliance payment (ACP). The ACP would allow retail suppliers to make a payment of a dollar amount per MWh to cover any shortfall in the supplier's purchase of renewable certificates. ACP levels should be set at an amount higher than the incremental cost of eligible renewable generation. The BPU should set ACP levels on a periodic basis and with adequate notice in order to provide greater certainty to retail suppliers and to protect the interests of ratepayers.

   The ACP will protect suppliers and their retail customers from an unanticipated failure of the market to yield enough renewable energy to meet the RPS requirements or from an unanticipated increase in the cost of renewable certificates. The ACP should not be used, however, as a permanent substitute for suppliers meeting their RPS requirements, but rather a temporary alternative form of compliance due to unexpected circumstances. All ACP funds should be used for the development and use of renewable energy through the New Jersey Clean Energy Program.

8. The Task Force recommends that the BPU, working in consultation with DEP, PJM, the GATS Working Group, utilities and other interested parties, develop a protocol, based on accepted engineering practices, to encourage the output of customer-sited renewable facilities in New Jersey to qualify for the RPS.[9]

9. The Task Force recommends that the BPU, working with suppliers, utilities and other stakeholders, develop a statewide program that would offer retail electric customers the option of selecting an energy product or products with a higher level of renewable energy than is required by the RPS. This option should be available to all retail

[9] Customer-sited generation refers to smaller generation facilities that are located on the customer-side of the electrical meter, and therefore directly offset end-use electricity demand-

electric customers in the state via a sign-up option on utility bills. Green power sales in this voluntary program must use renewable energy that is not otherwise used to meet a supplier's RPS requirements and should include full disclosure of the power supply mix utilized by the suppliers participating in the program.

This program, which would allow customers to select a product with even greater renewable energy content at a potentially higher cost than basic generation service, would provide additional incentives for the development of renewable energy facilities throughout the region.

10. The Task Force recommends that the BPU develop a program that allows utility customers to make additional financial contributions to the New Jersey Clean Energy Program, via a check-off option on utility bills. The revenues from this check-off would be used to further increase investment in renewable energy in New Jersey.

11. The Task Force recommends that the BPU work closely with the New Jersey Economic Development Authority and other state financing authorities to develop financing and credit support programs tailored to the needs of renewable project development in New Jersey.

12. The Task Force recommends that New Jersey be a strong advocate for the development of renewable portfolio standards by other states in the region. Participation by other states would further promote the development of renewable energy, and enhance the many benefits of establishing a RPS. Increased participation by neighboring states could eventually be developed into a regional RPS requirement, creating a more seamless market for the development of renewable energy in the region. To further that goal, where a non-PJM state within the region has adopted a RPS requirement that is similar to New Jersey's, the Board should consider policy options such that renewable attribute certificates from otherwise eligible new renewable generators located in such a state could be eligible under New Jersey's RPS requirements without an electricity delivery requirement, provided that renewable energy generation located in New Jersey is treated similarly under that state's RPS requirements.

13. The Task Force recommends that the BPU implement many of the recommendations contained in this report through rulemaking proceedings to address issues not fully explored in this report, including but not limited to cost recovery, reporting requirements, and the impact that changes in the RPS will have on renewable energy markets, consumer prices and retail competition.

14. Given the short time frame in which it has had to develop its recommendations, there are some matters that the Task Force has not adequately analyzed. Because there is additional valuable work that can be done to further refine, expand on, and help implement the recommendations contained in this report, the Task Force recommends

that a committee of the BPU's Clean Energy Council be created to provide further recommendations to the Board on renewable energy and the RPS.[10]

[10] The Clean Energy Council is an advisory body to the Board of Public Utilities that makes recommendations regarding the New Jersey Clean Energy Program.

Attachment B

Biographies of Members of the New Jersey Renewable Energy Task Force

JEANNE M. FOX, ESQ., TASK FORCE CHAIR

Jeanne M. Fox was named by Governor James E. McGreevey as President to the Board of Public Utilities (BPU) on January 15, 2002. President Fox also serves as a member of the Governor's Cabinet. In addition to her duties at the Board, President Fox also serves with the National Association of Regulatory Commissioners as a member of the Ad Hoc Committee on Critical Infrastructure and the Committee on Energy Resources and the Environment.

Prior to her nomination, Ms. Fox was Regional Administrator of the United States Environmental Protection Agency from 1994 to 2001. As Regional Administrator, Ms. Fox had jurisdiction over environmental issues and activities in New Jersey, New York, Puerto Rico and the U.S. Virgin Islands. Ms. Fox, from 1991 to 1994, served as Deputy Commissioner of the New Jersey Department of Environmental Protection & Energy. She served as Acting Commissioner between July 1993 and February 1994. Ms. Fox received a Bachelor's Degree from Douglass College, Rutgers University in 1975 and a Juris Doctor from the Rutgers University School of Law in 1979.

MEREDITH WINGATE

Meredith Wingate is a nationally recognized expert on verification systems for renewable energy. Ms. Wingate is currently employed by the Center for Resource Solutions (CRS) as the International/Renewable Certificates Program Manager. Ms Wingate is leading CRS's tradable renewable certificate projects, which are focused on providing policy assistance to states and regional groups working to form certificate-tracking programs for regulatory compliance purposes. Ms. Wingate is leading a national initiative to create a network of renewable certificate issuing and tracking bodies. Ms. Wingate has a Master of Environmental Management in Resource Economics and Policy from Duke University, Nicholas School of the Environment. She also holds a Certificate in Hazardous Materials Management from the University of California at Berkeley and a B.A. in Political Science from the University of Colorado at Boulder. Her previous work experience has been in the field of environmental compliance for the Port of Oakland, San Francisco Solid Waste Transfer and Recycling Facility and US EPA Region IX.

STEVEN GABEL

Steven Gabel is an expert on energy markets, particularly in the PJM region. Mr. Gabel is President of Gabel Associates, a consulting firm that assists clients in strategic energy issues, negotiations with utilities and other suppliers and regulatory matters. Gabel Associates currently provides energy planning,

procurement and financial advice, strategic analysis and expert testimony to a wide range of public and private sector clients. Steven Gabel has provided extensive expert testimony on energy and public utility issues and has participated actively in restructuring issues in New Jersey, PJM an the New York ISO. He is an economist with a background in pricing, industrial organization, public policy and the history of economic thought.

From 1983 to 1990, Steven Gabel served as the Director of the Electric Division of the New Jersey Board of Public Utilities, where he worked extensively on various utility rate cases and developed and implemented rate setting, alternative energy, demand side management, incentive regulation, cost of service and tariff design initiatives. From 1990 to 1993 he served as Director of Solid Waste Management at the New Jersey Board of Public Utilities and the New Jersey Department of Environmental Protection and Energy, where he directed the polices and activities of the only comprehensive economic and environmental solid waste program in the nation.

BRADLEY M. CAMPBELL, ESQ.

Bradley M. Campbell is the Commissioner of the New Jersey Department of Environmental Protection (DEP). Prior to his nomination to be Commissioner of the DEP, Campbell was a visiting professor at the University of North Carolina's Law School where he taught classes on natural resources and the environment, property rights and the constitution, and contracts. In 1999, he was also appointed by President Bill Clinton to work at the U.S. Environmental Protection Agency as Regional Administrator for the Mid-Atlantic Region. Before this, he was the Associate Director of the White House Council on Environmental Quality where he was responsible for all toxic and environmental protection matters from 1995-1999.

From 1990-1994 he was an attorney-advisor for the U. S. Department of Justice, Environment and Natural Resources Division where he was responsible for trial and appellate litigation and advised client agencies and the Assistant Attorney General on a range of environmental issues. Campbell earned his J.D. in 1987 from University of Chicago Law School and his B.A. in History from Amherst College in 1983.

DAVID R. WOOLEY, ESQ.

David Wooley is a national expert on renewable energy, with particular expertise in generation from wind turbines. Mr. Wooley serves as the Regional Director for the American Wind Energy Association (AWEA) and has testified on behalf of the organization on an array of issues, including transmission policy, interconnection requirements, management of state clean energy funds, state power purchase agreements, and renewable portfolio standards (RPS). On March

1, 2003, David also assumed the position of Vice President of the Energy Foundation, with responsibility for domestic grants to public interest groups working on energy policy reform, but he will continue to work with AWEA on implementation of the New York RPS requirement.

Mr Wooley is a founding partner of Young, Sommer, LLC., an Albany New York law firm specializing in environmental, land use, municipal, facility siting and energy law. Previously he has served as Professor for Environmental and Energy Law, and as both Executive Director and Counsel to the Pace Energy Project. Previously he served as Assistant Attorney General for the State of NY, specializing in litigation and lobbying on air pollution issues from 1980-1990 and was lead counsel for a coalition of northeastern states and national environmental groups in a litigation campaign to stop acid rain. Prior to joining the NY Attorney General's office, David managed an environmental law center for legal services programs in West Virginia.

DR. WILLIAM J. MAKOFSKE

Dr. William J. Makofske received his Ph.D. in physics from Rutgers University and has been a faculty member at Rutgers University, University of Minnesota and Columbia University. His main area of interest has been on physics and the environment where he has focused on the environmental impacts of energy production, computer modeling of environmental systems, alternative energy sources, radon, and global climate change. Dr. Makofske has been a visiting scientist at the Building Research Establishment in England and at Argonne National Laboratory in Illinois. In 1999, he received a Fulbright Fellow in alternative energy and environmental protection in Germany. Currently, Dr. Makofske teaches courses in the physics, environmental science and environmental studies majors at Ramapo College of New Jersey.

Dr. Makofske has conducted research and written numerous books and articles on a range of technology and environmental issues. Dr. Makosfke has expertise in global climate change and regional/global air pollution; the development and assessment of energy technologies; the design and construction of appropriate technology projects, including solar greenhouses, passive solar buildings, wind electric and water pumping, and intensive biological agricultural systems; development of software for passive solar design and passive solar design tools, including large thermal network computer models for predicting building performance; global environmental problems; interaction of science, technology and public policy; and studies in theoretical and experimental nuclear physics.

LEAH B. GIBBONS

Leah Gibbons is co-chair of the PJM Generation Attributes Tracking System (GATS) Working Group. The GATS Working Group serves as an advisory body to the PJM Regional Transmission Organization (RTO) on the development and implementation of a verification system to support environmental disclosure, renewable portfolio standards, and other reporting requirements adopted by states in the PJM energy market.

Ms. Gibbons, with more than eight years in the energy industry, is director of external relations of PG&E National Energy Group. Gibbons is responsible for legislative and regulatory affairs in the Mid-Atlantic region. Gibbons joined PG&E National Energy Group in 1998 from Washington International Energy Group of Washington, D.C., where she was senior policy analyst, assisting Japanese utility clients by analyzing and reporting on electric industry restructuring trends. In addition, Gibbons managed the research and production of the Washington International Energy Group's *Electric Industry Outlook*, an annual publication based on a survey of electric power business decision-makers. Gibbons received her bachelor's degree in public service from Pennsylvania State University and a master's degree in public affairs and policy analysis from the University of Wisconsin's Lafollette Institute of Public Affairs.

MARK S. BROWNSTEIN, ESQ.

Mark Brownstein is Director of Environmental Strategy and Policy for Public Service Enterprise Group (PSEG), where he is responsible for environmental leadership; shaping changes in environmental laws and regulations; and initiating corporate policies that enable affected PSEG companies to comply with these changes. Previously, Mark was an environmental issue manager for PSE&G, the utility subsidiary of PSEG, where he was responsible for shaping the utility's policies on air quality issues. He was active in the Environmental Council of States' (ECOS) 37-state Ozone Transport Assessment Group (OTAG) and the US EPA's FACA Subcommittee for Ozone, PM, and Regional Haze.

Before joining PSEG, Mark maintained a private practice in environmental law and policy based in Hoboken, New Jersey. Mark's career in environmental policy began with the New Jersey Department of Environmental Protection's Office of Air Quality Management, where he participated in the formulation of air quality plans for achieving the federal health standard for ozone in New Jersey. Prior to that, he was an aide to then-Congressman Robert G. Torricelli. Mark received a law degree from the University of Michigan Law School in 1991, and a Bachelor of Arts degree from Vassar College in 1987.

SEEMA M. SINGH, ESQ.

SEEMA M. SINGH, ESQ. is the Public Advocate-designate pending restoration of the Department of the Public Advocate. A member of Governor James E. McGreevey's cabinet, Ms. Singh is currently serving as Acting Director of the Division of the Ratepayer Advocate, where she is responsible for ensuring that all classes of utility consumers receive safe, adequate and proper utility service at affordable rates that are just and nondiscriminatory.

A graduate of Seton Hall University School of Law, Ms. Singh, who is licensed to practice law in New Jersey, worked in the Litigation/International Law Department of the Princeton, NJ, firm of Pepper Hamilton from March 2001 until her public appointment. Ms. Singh previously was an associate with the law firms of Reed Smith and of Fox, Rothschild, O'Brien & Frankel. She clerked for the Hon. Patrick J. McGann, Presiding Judge, Chancery Division, Monmouth County Superior Court, and served an internship with the Hon. Dickinson R. Debevoise, Senior Judge of the U.S. District Court in Newark. Ms. Singh is a graduate of Seton Hall School of Law (JD, '95), Rutgers University with highest honors (BS '88), Bachelor of Science in Zoology (Calcutta, India '83).

EMILY RUSCH

Emily Rusch is the Energy Advocate for the New Jersey Public Interest Research Group (NJPIRG). For the past 30 years, NJPIRG has advocated for clean and sound state energy policies that protect New Jersey consumers and the environment. For the past 18 months, Ms Rusch has led NJPIRG's campaign for a New Energy Future, focusing on cleaner and more efficient energy production and use. She has coauthored several reports on energy policy, including *Clean Energy Solutions: Energy Efficiency and Renewable Energy in New Jersey* and *Micropower and the Crossroads: Public Health and the Future of Distributed Generation*.

Prior to joining NJPIRG, Ms. Rusch worked for CALPIRG, developing grassroots support for the passage of California's Clean Water Enforcement Act. She is a graduate of Willamette University in Salem, Oregon, where she earned a bachelor's degree in history and Spanish.

DR. VICTOR E. UDO

Dr. Victor E. Udo is currently the Manager, Technology/R&D at Conectiv Power Delivery, where he is responsible for new technology review and testing, including renewable energy resources and other emerging energy system technologies. His other positions at Conectiv were manager of delivery process,

and manager of planning and performance. Dr. Udo worked at Atlantic Energy, prior to its merger with Delmarva Power to create Conectiv, where he had engineering, system planning, marketing, process transformation and corporate performance management responsibilities.

Dr. Udo completed his Ph.D. in Urban Affairs and Public Policy from the University of Delaware in 2002 where he was affiliated with the Center for Energy and Environmental Policy (CEEP). Dr. Udo has master degrees in Engineering and Energy/Environmental Policy from Howard University and the University of Pennsylvania, respectively. He also holds a BSEE (Power Systems, cum laude) from Howard University. In addition, he is a graduate of the Public Utility Executive Program at the University of Idaho. Dr. Udo has been a member of the Distribution Committee of Edison Electric Institute (EEI). He is a Member of the Institute of Electrical and Electronic Engineers (IEEE) Engineering Management, Power Systems, Communications, and Social Implication of Technology Societies. Dr. Udo has refereed journal publications in electric power system research and a seminar paper on sustainable development policy.

R. BRENT ALDERFER, ESQ.

R. Brent Alderfer is President and co-founder of Community Energy, Inc., a wind energy marketing and development company in Wayne, Pennsylvania.

As President of Community Energy, Mr. Alderfer led the expansion of wind energy in the northeastern states over the past four years. Prior to founding Community Energy, Mr. Alderfer served as Commissioner of the Public Utility Commission and of the Air Quality Control Commission in Colorado. In 1999, Mr. Alderfer relocated to the eastern US, and led efforts to open the utility markets to distributed and renewable generation. A lawyer by profession and an electrical engineer, Mr. Alderfer previously headed a commercial law practice, and brings commercial law and finance expertise to his current energy market development. A frequent speaker, he is known for his strong leadership in new energy market development.

Mr. Alderfer received a J.D. degree from Georgetown Law School in 1977, and an electrical engineering degree from Northeastern University in 1974.

RYAN WISER (TECHNICAL ADVISOR)

Dr. Ryan Wiser is a scientist in the Electricity Markets and Policy Group at Lawrence Berkeley National Laboratory. He leads research in the planning, design, and evaluation of renewable energy policies, green power marketing opportunities, renewable energy economics, and electricity industry restructuring. Dr. Wiser regularly advises state and federal agencies in the design and evaluation system-benefits charge (SBC) and renewables portfolio

standard (RPS) policies and has recently provided policy assistance to the states of New York, California, Oregon, Massachusetts, Rhode Island, and Texas. Dr. Wiser is working closely with the Clean Energy Funds Network, a collaborative organization representing most of the state renewable energy funds. Ryan's analytic work, which integrates economic, policy, and market analysis with a strong emphasis on the practical application of analysis findings, has included studies on the economics of wind power and the risk mitigation value of renewable electricity, and customer surveys of willingness to pay for renewable generation.

Prior to his employment at Berkeley Lab, Dr. Wiser worked for Hansen, McOuat, and Hamrin, Inc., the Bechtel Corporation, and the AES Corporation. He received a B.S. in Civil Engineering from Stanford University and holds an M.S. and Ph.D. in Energy and Resources from the University of California, Berkeley. Dr. Wiser has published numerous of research reports and journal articles on renewable energy markets and policy, including articles in The Electricity Journal, Energy Policy, Corporate Environmental Strategy, Public Utilities Fortnightly, Utilities Policy, and Renewable and Sustainable Energy Reviews.

LYLE K. RAWLINGS, P.E.

Lyle Rawlings is a professional engineer, licensed in New Jersey and Pennsylvania, with over twenty-six years of experience in the fields of alternate energy and energy conservation, first with Exxon Research & Engineering Company, then as the co-owner of GALE Corporation, an architecture/engineering firm specializing in energy conservation and alternate energy. Since 1988, Mr. Rawlings has been the President of Fully Independent Residential Solar Technology, Inc. (FIRST), which specializes in the design and development of photovoltaic power systems, other DC power systems, and sustainable community projects. Mr. Rawlings also serves as President of the Mid-Atlantic Solar Energy Industries Association (SEIA). Since 2000, Mr. Rawlings has been the President of Advanced Solar Products, the largest designer/installer of solar electric power systems in the Mid-Atlantic Region.

Mr. Rawlings is an authority in thermal storage system design. He is expert in the design of solar, fuel cell, hydropower, waste-to-energy, and cogeneration systems, in the design of zero-emission vehicles, and in the economic analysis of emerging technologies. He holds a B.S. degree in Chemical Engineering from West Virginia University.

KATHERINE HEIL HAMILTON

Katherine Heil Hamilton is Co-Director of the American Bioenergy Association, a national non-profit membership association advocating for

progress in the production of power, transportation fuels, and chemicals from biomass. Ms. Hamilton is also the president of her own consulting firm, The Hamilton Group, specializing in information and advocacy on clean energy issues.

Ms. Hamilton has served as an advocacy sub-contractor for the Union of Concerned Scientists, garnering support for a national Renewable Portfolio Standard from the diverse national bioenergy community and organizing grass roots activism for energy bill measures in support of renewable energy. Prior to founding The Hamilton Group, Katherine managed government relations for the National Renewable Energy Laboratory (NREL) in Washington, D.C., where she acted as the single contact point for the laboratory in Congress, providing information and education to members and staff on energy efficiency and renewable energy science and technology. She also developed and managed the SAVEnergy Program, targeting and conducting energy and water audits of federal facilities nationally and internationally for the Department of Energy's Federal Energy Management Program (FEMP). Prior to her service at NREL, Ms. Hamilton was a Senior Analyst at Virginia Power, specializing in commercial energy efficiency.

RICHARD SEDANO *(discussion facilitator)*

Richard Sedano acted as facilitator to the Renewable Energy Task Force. Mr. Sedano is a Director with the Regulatory Assistance Project (RAP) in Montpelier, VT. RAP advises state and national governments on energy policy. Sedano joined RAP in 2001 and has written white papers on renewable energy, transmission siting, energy efficiency and other topics. Sedano was most recently with the Vermont Department of Public Service, where he served as Commissioner for nine years, and in engineering staff positions for seven more. The VDPS represents utility consumers in all regulatory matters, and is the state's energy office and consumer advocate. Sedano served as Chair of the National Association of State Energy Officials from 1998-2000. He is currently a member of the Advisory Committee to the ISO-New England Board of Directors and a member of the Board of Directors of Northeast Energy Efficiency Partnerships. Sedano has a BS in Engineering from Brown University and an MS in Engineering Management from Drexel University.

Attachment C

Press release from the Office of Governor James E. McGreevey on the conclusion of the work of the New Jersey Renewable Energy Task Force

State of New Jersey
OFFICE OF THE GOVERNOR
125 WEST STATE STREET
PO BOX 001
TRENTON NJ 08625-0001

JAMES E. MCGREEVEY
Governor

FOR IMMEDIATE RELEASE
DATE: April 24, 2003

CONTACT: Micah Rasmussen
PHONE: 609-777-2600

McGREEVEY RECEIVES RENEWABLE ENERGY TASK FORCE REPORT
Report calls for doubling the State's Renewable Energy Requirements by 2008

(TRENTON)- The Renewable Energy Task Force - created by Governor McGreevey in January to make recommendations on promoting the use and development of renewable energy in New Jersey - presented its final report to the Governor earlier this week.

"I would like to commend the members of the Renewable Energy Task Force for their substantive work in bringing forward these recommendations which will make New Jersey one of the nation's leading clean-power states," said McGreevey. "This administration remains committed to the creation of a clean, renewable power supply. We will also continue to work hard to promote economic development, future energy independence and greater security for New Jersey's communities."

The Renewable Energy Task Force was charged specifically with strengthening the State's Class I Renewable Portfolio Standard (RPS), which requires all energy suppliers in New Jersey to obtain a percentage of their power from renewable resources, including solar, wind, renewable biomass, landfill gas, geothermal or tidal sources.

The Task Force recommended doubling of the current RPS requirement to 4% by 2008 and establishing a new long-term requirement that New Jersey get 20% of its energy from renewable sources by 2020. The Task Force reported that further analysis of the data might prove that an even larger RPS requirement for 2008 might be feasible.

In addition, the Task Force recommended the establishment of two voluntary customer programs: a sign-up program allowing retail electric customers to select an energy supplier providing even higher amounts of renewable energy than required by the RPS; and, a check-off option on utility bills that would allow customers to make financial contributions to the New Jersey Clean Energy Program, which promotes renewable energy through rebates and incentives.

"Renewable energy is clearly the energy of the future, and this Administration is committed to leading the way," the Governor said. "The Task Force's proposals will make the Garden State a continued leader in the development of clean renewable resources. I accept their recommendations and have asked the Board of Public Utilities to begin implementing them."

"The Board is committed to the Governor's vision for a cleaner, healthier and more energy independent New Jersey," said BPU President Jeanne M. Fox. "We will work with relevant stakeholders to review and implement the recommendations of the Task Force."

In its report, the Task Force elaborated on the many benefits to New Jersey from increasing the use of renewable energy, including: reducing greenhouse gas emissions and other pollution; decreasing our reliance on fossil fuels, which can help reduce reliance on foreign energy sources; promoting economic development around renewable energy industries; and increasing security by relying on cleaner and more distributed sources of energy.

The Task Force also suggested options for programs to specifically promote solar energy in New Jersey, citing its many benefits. The Governor has asked the Board of Public Utilities to examine these options and develop the best programs to promote solar energy.

The Renewable Energy Task Force consisted of 16 representatives from renewable and traditional energy suppliers, utilities, environmental and consumer groups, and energy experts. The Governor initially announced the creation of the Task Force at his Energy Summit in December, during which he highlighted the need for the advancement of renewable energy in New Jersey.

Attachment D

Press release from the Office of Governor James E. McGreevey
Creating The New Jersey Renewable Energy Task Force

State of New Jersey
OFFICE OF THE GOVERNOR
125 WEST STATE STREET
PO BOX 001
TRENTON NJ 08625-0001

JAMES E. MCGREEVEY
Governor

FOR IMMEDIATE RELEASE
DATE: January 28, 2003

CONTACT: Micah Rasmussen
PHONE: 609-777-2600

Governor McGreevey Appoints Members to Renewable Energy Task Force

(TRENTON)—In an effort to encourage the use of renewable energy, Governor James E. McGreevey signed an Executive Order today establishing a Renewable Energy Task Force, and is charging it with strengthening and expanding the renewable energy requirements that the state imposes on suppliers.

"The goal of the Renewable Energy Task Force will be to examine ways that the State can make energy more affordable, reliable and efficient through the use of renewable energy sources," said McGreevey. "Clearly, renewable energy is the energy of the future, and this Administration is committed to leading the way."

Consisting of 15 members, the Task Force includes representatives from renewable and traditional energy suppliers, utilities, environmental and consumer groups, and energy experts. The Governor initially announced the creation of the Task Force at his Energy Summit in December and is expecting them to report back to him by March 31, 2003 with their recommendations.

The State's energy deregulation act requires that power suppliers in New Jersey ensure that a certain amount of their power is derived from renewable energy sources. This requirement, called the Renewable Portfolio Standard (RPS), can be fulfilled by using renewable energy sources such as solar, wind, geothermal, or methane gas from landfills or biomass facilities.

The Task Force, in part, will examine if RPS requirements should be increased and if RPS should require that a certain percentage of energy come from specific renewable

sources. The Task Force will also recommend measures to help electricity suppliers comply with RPS requirements.

Members of the Renewable Energy Task Force include:

- **R. Brent Alderfer,** President and co-founder of Community Energy, Inc., a wind energy marketing and development company in Pennsylvania.
- **Mark Brownstein**, Director of Environmental Strategy and Policy for Public Service Enterprise Group (PSEG).
- **Bradley M. Campbell,** Commissioner of the Department of Environmental Protection.
- **Jeanne M. Fox, Esq**., President of the Board of Public Utilities.
- **Steven Gabel,** President of Gabel Associates energy consulting firm.
- **Leah B. Gibbons,** Co-chair of the PJM Generation Attributes Tracking System (GATS) Working Group.
- **Katherine Heil Hamilton**, President of The Hamilton Group consulting firm which specializes in information and advocacy on clean energy issues.
- **Dr. William J. Makofske**, professor of physics and environmental sciences at Ramapo College.
- **Lyle K. Rawlings, P.E.,** President of Fully Independent Residential Solar Technology, Inc. (FIRST), and President of the Mid-Atlantic Solar Energy Industries Association (SEIA).
- **Emily Rusch,** Energy Advocate for New Jersey Public Interest Research Group (NJPIRG).
- **Seema M. Singh, Esq.,** Acting Director of the Division of Ratepayer Advocate and Public Advocate Designee.
- **Jeff Tittel,** ExecutiveDirector of the New Jersey Chapter of the Sierra Club.
- **Dr. Victor E. Udo,** Manager of Technology/Research and Development at Conectiv Power Delivery.
- **Meredith Wingate,** Center for Resource Solutions, International/Renewable Certificates Program Manager.
- **David R. Wooley,** Regional Director for the American Wind Energy Association.

Attached is a copy of the Executive Order.

EXECUTIVE ORDER NO.

WHEREAS, the citizens and businesses of the State of New Jersey and the nation rely heavily on traditional energy generation sources, which can negatively impact our environment, health, economy and security; and

WHEREAS, those traditional energy generation sources can cause pollution of our air and water; emit “greenhouse gases” that contribute to global warming and sea level rise; encourage reliance on large centralized power plants, making our energy resources more vulnerable to potential disruption; create dependency on foreign energy resources; and leave us vulnerable to potentially volatile energy prices; and

WHEREAS, renewable energy sources offer an energy alternative that would lead to improved air and water environmental quality; decrease our dependence on foreign energy sources and susceptibility to potentially volatile traditional energy markets; decrease our reliance on centralized power plants; ease the strain on our energy infrastructure; offer opportunity for job creation and economic development by attracting these emerging industries to the State of New Jersey; and, when considering all costs to society, are less costly than traditional energy sources; and

WHEREAS, this Administration recognizes these benefits, and is dedicated to promoting the use and production of renewable energy; and

WHEREAS, leaders in business, labor, academia, the energy industry, and environmental and consumer advocates voiced shared support for the promotion of renewable energy in New Jersey at the Governor's Energy Summit, which convened on December 11, 2002; and

WHEREAS, the "Electricity Discount and Energy Competition Act" ("EDECA"), specifically requires the New Jersey Board of Public Utilities ("BPU") to adopt renewable energy portfolio standards ("RPS") to ensure each electric power supplier and basic generation service provider supplies electricity from renewable energy sources in the electricity sold to retail customers; and

WHEREAS, the RPS play a significant role in helping the State achieve its goal of promoting renewable energy and must be examined closely to ensure that these requirements impact our State's energy market and consumption in an efficient and environmentally sound manner;

NOW, THEREFORE, I, JAMES E. MCGREEVEY, Governor of the State of New Jersey, by virtue of the authority vested in me by the Constitution and the Statutes of this State, do hereby ORDER and DIRECT:

1. There is hereby created the Renewable Energy Task Force ("Task Force") to examine the Renewable Portfolio Standards (RPS) for Class I energy sources, which includes electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, and methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner.
2. The Task Force shall review the current regulatory framework that governs the RPS and recommend changes to that framework to better enable the BPU to implement RPS that reflect the changing goals and needs of the State.
3. The Task Force shall be chaired by the President of the BPU and composed of 16 members, appointed by the Governor, as follows:
    a) The Commissioner of the Department of Environmental Protection ("DEP"), or his designee(s);
    b) The Ratepayer Advocate, or her designee;
    c) Two representatives from public interest organizations;
    d) Two representatives from the utility industry;
    e) Three representatives from the renewable energy industry;
    f) Two representatives of wholesale energy providers; and

g) Four national experts or academics in renewable energy sources or implementation of these technologies.

4. The Task Force shall:
    a) Examine whether the total annual percentages of Class I renewable energy that each electric power supplier and basic generation service provider must sell to retail customers in New Jersey, and included in the existing RPS, should be increased;
    b) Recommend the specific time period over which any incremental increase in the Class I renewable energy percentage requirements should take place and the phase-in schedule of any recommended increases;
    c) Recommend whether a required percentage of Class I renewable energy should come from specific technologies or fuels and, if so, identify amounts that should be required;
    d) Recommend whether any portion of the required percentage of Class I renewable energy should be required to come from generation sources located within the State of New Jersey;
    e) Recommend whether any portion of the required percentage of Class I renewable energy should come from new generation sources that have become available after a specific date and, if so, identify that date;
    f) Propose improvements in the measurement, tracking and verification systems for Class I renewable energy sources, including those for small distributed generation sources not connected to the transmission grid;
    g) Consider measures to assist electric power suppliers and basic generation service providers with compliance with RPS requirements;
    h) Provide a preliminary estimate of the possible cost and other impacts on the
    i) state's electricity consumers that may result from the Task Force's recommendations and proposals; and
    j) examine other related issues.
5. The Task Force shall issue a report to the Governor by March 31, 2003, identifying specific recommendations on the aforementioned issues.
6. The Task Force is authorized to call upon any department, office, division and agency of State government to provide such data, information, material, personnel and assistance as deemed necessary to discharge its responsibilities under this Order. Each department, office, division and agency of this State is hereby required, to the extent not inconsistent with law, to cooperate with the Task Force and to furnish it with such information, personnel and assistance as is necessary to accomplish the purpose of this Order.
7. This Order shall take effect immediately.

GIVEN, under my hand and seal

this day of in the Year of Our Lord, Two Thousand and Three, and of the Independence of the United States, the Two Hundred Twenty-Seventh.

James E. McGreevey

Governor

Attest:

Paul P. Josephson

Chief Counsel to the Governor

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