



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

CLEAN ENERGY

IN THE MATTER OF THE NEW JERSEY  
RENEWABLE PORTFOLIO STANDARDS )  
)

Order

RECOMMENDATIONS FOR  
ALTERNATIVE COMPLIANCE  
PAYMENTS AND SOLAR  
ALTERNATIVE COMPLIANCE  
PAYMENTS 2006

DOCKET NO. EX03080616

(SERVICE LIST ATTACHED)

BY THE BOARD<sup>1</sup>

Alternative compliance payment (ACP) and solar alternative compliance payments (SACP) provide suppliers an option for compliance with renewable energy portfolio standards (RPS), in instances of renewable energy certificate (REC) scarcity or unavailability, or in cases where the price is unexpectedly high due to the exertion of market power.

By Orders dated December 18, 2003 and December 23, 2004, the Board established the current ACP and SACP levels. Specifically, in this docket in December of 2004, the Board determined that the 2004 alternative compliance payment amount be set at \$50.00/Mwh and an SACP be set at \$300.00/MWh as recommended by the Alternative Compliance Payment Advisory Committee (Committee). In the Committee's 2004 Report the payments were set at levels that balanced the need to support the renewable energy market and protect the state's ratepayers and electricity consumers. The Board's December 23, 2004 Order maintained the compliance payments at the same levels for the 2005 energy year.

The Committee, as well as Board Staff, recommends the ACP/SACP levels need to be established for energy year 2006 (June 1, 2005-May 31, 2006) and energy year 2007 (June 1, 2006-May 31, 2007). Providing an upper cost limit for RPS compliance will introduce greater certainty into the BGS Auctions. Accordingly, the Committee recommends continuation of the current levels through energy years 2006 and 2007.

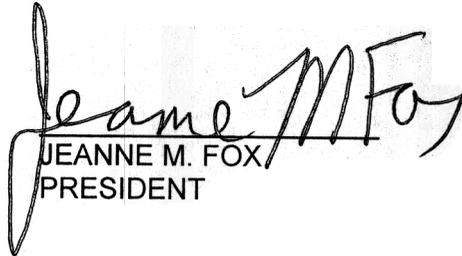
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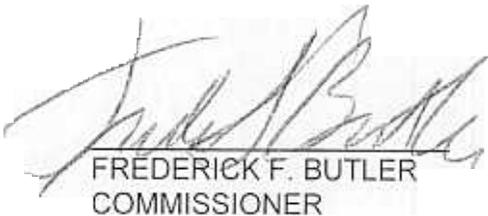
<sup>1</sup> Commissioner Hughes did not vote or participate in the discussion.

The Board HEREBY FINDS it reasonable to extend the prior \$50.00/MWh ACP amount and \$300/MWh SACP amount through the energy year 2007. The Board DIRECTS the Office of Clean Energy to continue to closely monitor any impacts from the adopted ACP and SACP amounts and to reconvene the Committee prior to the end of calendar year 2006 to determine if a revised ACP and SACP is needed for energy year 2008, based on the projected availability of RECs within the PJM area and states. The Committee shall make its recommendation(s) to the Board in such a manner that the Board shall have adequate time to set the ACP and SACP amounts for energy year 2008 (June 1, 2007-May 31, 2008) prior to close of the 2006 calendar year (December 31, 2006). The Board FINDS this approach consistent with the requirements of N.J.A.C. 14:4-8.10 (b) and (c) which provides "the Board shall review the amount of ACPs and SACPs at least once per year, in consultation with the ACP advisory committee", and requires the Board to adjust the ACP and SACP amounts as needed to "reflect changing conditions in the environment, the energy industry, and markets."

DATED: 2/2/06

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

  
JOSEPH FIORDALISO  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

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

