

New Jersey Board of Public Utilities Action on Solar Alternative Compliance Payment Prices

Author: James E. McGuire, Counsel, Princeton

Author: Henry R. King, Partner, Princeton

Author: J. Ferd Convery III, Partner, Princeton

Publication Date: September 27, 2011

By Order dated September 23, 2011 (see attached), the New Jersey Board of Public Utilities (NJBPUB) released, for public comment, a straw proposal from BPU staff which reduces the Solar Alternative Compliance Payment (SACP) level by 20 percent for the 2017 Energy Year (June 1, 2016 through May 31, 2017). If adopted, the SACP for Energy Year 2017 would be \$475. Under this proposal the SACP would be reduced by an additional 2.54% each year thereafter through the 2026 Energy Year (June 1, 2025 through May 31, 2026). The current SACP Schedule, which runs through the 2016 Energy Year (June 1, 2015 through May 31, 2016), will remain unchanged.

- Staff Straw Proposal: Remainder from the Existing 8 Year Schedule -

Energy Year	2012	2013	2014	2015	2016
SACP	\$658	\$641	\$625	\$609	\$594
Annual % Change	2.52	2.58	2.50	2.56	2.46
Year in Schedule	1	2	3	4	5

- Proposed New SACP Amounts and Reductions by Energy Year and Year in Schedule -

Energy Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SACP	\$475	\$463	\$451	\$440	\$429	\$418	\$407	\$397	\$387	\$377
Annual % Change	20.00	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54
Year in Schedule	6	7	8	9	10	11	12	13	14	15



Interested parties and members of the public will have the opportunity to comment on proposed the SACP schedule prior to commencement of a public rulemaking process. Presently, the Board has established a SACP Schedule for the 2009 Energy Year through the 2016 Energy year. An Energy Year runs from June 1 through May 31. By law, the NJBPU must establish a 15-year Solar Alternative Compliance Payment schedule. Once the 15 year SACP schedule is established, the NJBPU may increase SACPs after notice, opportunity for public comment and a public hearing but is prohibited by law from reducing previously established SACP levels.

The NJBPU expects that staff's straw proposal will be an appropriate starting point for further discussions and that public stakeholder comment on the straw proposal will inform rulemaking. Reed Smith will continue to monitor this and other NJBPU actions affecting the solar market in New Jersey. For further information contact one of the authors.

About Reed Smith

Reed Smith is a global relationship law firm with more than 1,600 lawyers in 23 offices throughout the United States, Europe, Asia and the Middle East.

The information contained herein is intended to be a general guide only and not to be comprehensive, nor to provide legal advice. You should not rely on the information contained herein as if it were legal or other professional advice.

The business carried on from offices in the United States and Germany is carried on by Reed Smith LLP of Delaware, USA; from the other offices is carried on by Reed Smith LLP of England; but in Hong Kong, the business is carried on by Reed Smith Richards Butler. A list of all Partners and employed attorneys as well as their court admissions can be inspected at the website <http://www.reedsmith.com/>.

© Reed Smith LLP 2011. All rights reserved.