

New Jersey Energy Master Plan
 Strategy Template
 2005-2020
Merchant Renewable Energy Development

<u>SUBMITTED BY</u>	
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<u>Objective:</u> To support the goal of securing 20% of New Jersey’s energy needs from renewable sources by 2020.	
<u>Strategy:</u> <p>The Renewable Energy Task Force, created in 2003, conducted a wide review of the Renewable Portfolio Standard (“RPS”). With input from a large group of stakeholders, the Task Force made recommendations on how best to increase the use and development of renewable energy in New Jersey. The Task Force considered and carefully balanced such factors as the time needed to develop energy generation projects; the environmental and health benefits of increased renewable energy usage; the value of a decreased reliance on fossil fuels; and the financial costs to ratepayers of developing renewable energy. The NJ BPU implemented many of the Task Force’s recommendations, including the following:</p> <ul style="list-style-type: none"> • Set the Class I requirement in the RPS at 20% by the year 2020; • Established a goal of installing 90 MW of photovoltaic solar by 2008 and mandating that 2% of the 20% goal in 2020 be from photovoltaic solar installed in New Jersey; • Advised the BPU to support a statewide program offering electric customers the option of selecting an energy product with a higher level of renewable energy than required by the RPS; and • Advised the BPU to support the PJM GATS system, which increased and supported the efficient tracking of renewable attributes. <p>PSEG supports the NJ BPU’s market-based approach to encouraging development of renewable energy resources.</p> <p>PSEG also believes that a more robust market for renewables could be attained through integration of PJM’s Reliability Pricing Model (“RPM”). PJM has the capability to include in its RPM selection process, specific attributes of capacity resources such as fuel type and geographic location. Inclusion of renewable attributes as part of RPM would</p>	

optimize new entry of capacity resources for reliability purposes, while at the same time providing incentives for the type of renewable generation that the state's RPS goals require. This would ensure that federal and state policies operate in harmony.

Responsible Party:

The New Jersey Board of Public Utilities (BPU) and the PJM Interconnection LLC.

Timeline for Action:

PSEG recommends the BPU begin discussion with PJM on integration with RPM soon, so as to begin sending renewable capacity price signals as soon as possible.

Strategy Outcome:

The market driven mechanisms in place today will be allowed to mature, providing regulatory consistency and allowing the marketplace to respond to the state's RPS goals.

Integration with the RPM construct will enhance the development of renewable projects and assist the state in reaching its RPS goal.

Renewable development through the RPM process can be expected to provide an efficient manner for procuring such resources, thus reducing costs to ratepayers.

Implementation Cost:

PJM may require additional fees for the inclusion of geographic and fuel type "constraints" in the RPM modeling. However, since the RPM model is established at PJM, costs should be minimal.

Source of Funding: Funding for RPM modeling would be through PJM's billing system.

Funding sources	Yes	No
Private sector funds		
Public sector funds		
Consumer/ratepayer Funds		

Indicators:

Source:

A. Current state of indicator:

B. Indicator projection to 2020:

