

STATEMENT TO

**ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2529**

with Assembly Floor Amendments
(Proposed by Assemblyman CHIVUKULA)

ADOPTED: JUNE 21, 2010

These amendments require the Board of Public Utilities (the “board”) to review, no later than December 31, 2010, the amount of Class I alternative energy required to be purchased by providers and suppliers in each energy year beginning in 2014 and determine whether the current standards are sufficient for supporting the development of additional Class I alternative energy resources. If the board determines that increasing the Class I alternative energy standard in 2014 and beyond is necessary to support the development of additional Class I alternative energy resources, then after opportunity for public comment and public hearing, the board shall adopt regulations that (a) increase the amount of Class I alternative energy required to be purchases by suppliers and providers in 2014 and beyond; (b) consider the cost impact of such increase on ratepayers; and (c) exempt suppliers’ and providers’ existing supply contracts that are effective prior to the date of a board decision approving a rule adoption made in accordance with the foregoing provisions.

The amendments also direct the board to initiate a proceeding to evaluate energy efficiency portfolio standards. The amendments authorize the board to adopt such energy portfolio standards that require each electric power supplier and each basic generation service provider to purchase a specified number of EE certificates from eligible energy efficiency and energy conservation programs. “EE certificates” are defined to mean certificates issued by the board or its designee, representing one megawatt hour of eligible energy efficiency and energy conservation and has value based upon, and driven by, the energy market.

The board is also directed to exempt suppliers and providers’ existing supply contracts that are effective prior to the date of a board decision. Any purchases that would have otherwise been required from exempt suppliers or providers in the absence of such exemption may be distributed over suppliers and providers not subject to the existing contract exemption until such time as existing supply contracts expire and all suppliers and providers are subject to the new requirement.

In addition, the amendments add new definitions and make changes to several definitions in section 3 of the Electric Discount and Energy Competition Act of 1999 (“EDECA”), P.L.1999, c.23, s.3:

- "Approved alternative technologies" are defined to mean energy production technologies that have been approved by the Department of Environmental Protection, in consultation with the board. The amendments clarify that such technologies, to be considered as "approved" must reduce fossil fuel use or greenhouse gas emissions.
- "Class I renewable energy" is changed to "Class I alternative energy". The definition of Class I alternative energy is expanded by the amendments to include industrial by-product technologies consisting of the use of a by-product from an industrial process, including the reuse of energy from exhaust gases or other manufacturing by-products that are used in the direct production of electricity at the facility of a customer. The amendments also remove the requirement that Class I alternative energy technology and sources be connected to the distribution system.
- "Class II renewable energy" is changed to "Class II alternative energy". The definition of Class II alternative energy is expanded by the bill to include energy produced from micro-combined heat and power generating equipment or wastewater facilities. The amendments clarify that such facilities are Class II alternative energy facilities if they have requested air permits from the Department of Environmental Protection after the effective date of the bill. The amendments also remove the requirement that Class I alternative energy technology and sources be connected to the distribution system.
- "Connected to the distribution system" is defined to mean (1) connected to the customer's side of a meter and, as provided by the amendments, receiving electricity from an on-site generation facility, regardless of the voltage at which that customer connects to the electric grid. The amendments also reduce the number of kilovolts at which a facility may be connected to the distribution system from 100 to 69. The amendments also clarify that solar facilities that are greater than ten megawatts in capacity and either not net metered or not an on-site generation facility are not connected to the distribution system.
- The amendments remove industrial by-product technologies and manufacturing by-products that are used in the direct production of electricity at the facility of a customer from the definition of "eligible energy efficiency and energy conservation programs" and instead provide that the board shall determine measures appropriate for inclusion in such programs.