

## PSE&G receives green light to launch solar investment program

*BPU approves innovative initiative to help meet  
New Jersey's aggressive renewable energy goals*

*\$105 million investment in solar loans to begin*

(Newark – April 8, 2008) Public Service Electric and Gas Company (PSE&G) today received approval from state regulators to begin offering \$105 million in loans to help finance the installation of solar systems on homes, businesses and municipal buildings throughout its electric service area. The funding will provide a source of stable, secure capital to spur additional investment in solar energy.

“Now that the Board has approved our proposal, we will move as quickly as possible to begin offering solar loans to developers and customers,” said Ralph LaRossa, president and COO of PSE&G. “We welcome this new opportunity to play a strong role in meeting the state’s aggressive renewable and conservation goals, and reduce carbon emissions.”

Initially the program will only be available to non-residential customers. PSE&G needs approval from the NJ Department of Banking and Insurance to provide direct loans to residential customers. There are also plans to review residential loan documents with a group of stakeholders before the program is offered to residential customers.

Filed with the New Jersey Board of Public Utilities (BPU) last April, the innovative proposal was the first of a number of new plans the company announced during 2007 as part of a long-term, comprehensive strategy to combat climate change.

Since then, PSE&G has invested in hybrid vehicles and biofuel, as well as energy efficient wires and transformers. The utility has also proposed a carbon abatement pilot program that would provide energy-saving measures such as home energy audits, programmable thermostats, attic insulation and high-efficiency lighting upgrades to residential and business customers.

PSE&G’s solar program addresses the goals put forth by the state through the Energy Master Plan process, and by the BPU through the renewable portfolio standard (RPS). Both call for the ability to meet 20 percent of the State’s energy needs with renewable energy by the year 2020. Solar is a Class I renewable energy supply resource and is specifically called for as a clean source of renewable energy in the state’s goals.

The proposal was reviewed by a stakeholder working group, which included BPU staff, the Department of the Public Advocate, solar developers and installers, large energy users, and other electric and gas utilities. These discussions led to a settlement agreement that resolves various issues, paving the way for today’s approval by the BPU. The program had received strong support from the solar industry, environmental advocates and the business community when it was first unveiled last year.

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The program will support the development of 30 megawatts of solar power, designed to fulfill about 50 percent of the RPS requirements in PSE&G's service area for the energy years 2009 and 2010. That's enough electricity to power 24,000 homes and, in terms of CO2 emissions, is the equivalent of removing about 3,700 cars from the road.

Here are the major components of the program as approved by the BPU:

- PSE&G's solar program will be open to all of its electric customers, including low-income, residential, commercial, industrial and municipal/governmental. The solar panels would be owned by the developer or the host customer.
- Applications will be available for two years and accepted on a first-come, first-served basis until 30 megawatts of projects have been developed.
- PSE&G would provide loans to developers or customers to cover approximately 40-60 percent of the cost of a solar installation project, depending on the projected output of the solar energy system and the cost of the system. The borrower would repay the principal, plus interest, over 10 years for residential customers and over 15 years for all other borrowers, a considerably longer investment timeframe than traditional lenders are willing to provide for solar installations.
- The remaining project cost would be funded by the owner of the solar installation. The owner may have access to funds from banks and investors. In addition, the owner may be eligible for a federal investment tax credit. (Utilities are currently not eligible for this tax incentive.)
- Owners of solar energy systems would repay the loan with Solar Renewable Energy Certificates or SRECs, which are created every time the system generates solar electricity. It takes one megawatt-hour of solar generation to create one SREC, which has value in the marketplace. An SREC is a New Jersey tradable product that represents the clean energy benefits of electricity generated from a solar energy system. For the purposes of this program, an SREC is valued at the market price or \$475, whichever is higher. Borrowers could also repay the loans in cash.
- PSE&G's electric customers will pay for the cost of the solar program through the Solar Pilot Recovery Charge (SPRC), which will be included in the delivery part of their monthly bill. PSE&G will sell the SRECs it receives for loan repayment in an auction, and credit the proceeds from the sale to customers through the SPRC, which will offset a portion of the program costs.

Customers interested in learning more about PSE&G's program should visit [www.pseg.com/solarloan](http://www.pseg.com/solarloan), send an email to [solarloan@pseg.com](mailto:solarloan@pseg.com) or call the Solar Loan Program at 973-430-8460.

*Public Service Electric and Gas Company (PSE&G) is New Jersey's oldest and largest regulated gas and electric delivery utility, serving nearly three-quarters of the state's population. PSE&G is the winner of the ReliabilityOne National Achievement Award for superior electric system reliability. PSE&G is a subsidiary of Public Service Enterprise Group Incorporated (PSEG) (NYSE:PEG), a diversified energy company ([www.pseg.com](http://www.pseg.com)).*

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**PSE&G Solar Loan Program**

## **Questions and Answers (for non-residential customers)**

### **Q. Why did PSE&G initiate the Solar Loan Program?**

PSE&G is committed to doing our part to save energy, slow global warming, and reduce our dependence on foreign oil. Solar energy is a clean, renewable source of electricity. However, due to the high upfront cost for these systems, new financing programs are needed to help customers pay for these systems. As New Jersey's largest utility, PSE&G is uniquely positioned to provide the capital resources needed to implement this program.

### **Q. Who is eligible to participate?**

All PSE&G business, municipal, and non-profit electric customers can take advantage of the Solar Loan Program, provided they meet the minimum credit requirements. (PSE&G residential customers will be eligible at a later date.) However, solar power systems must be installed within PSE&G's electric service territory.

### **Q. What is the loan interest rate?**

The interest rate on a 15-year non-residential loan is 11.11%. Keep in mind, too, that the loan repayment period is considerably longer than most traditional lenders allow for solar PV installations.

### **Q. What advantages does the Solar Loan Program have over a bank loan?**

Unlike bank loans, which must be repaid in cash, Solar Loans can be automatically repaid through Solar Renewable Energy Certificates (SRECs). SRECs have a value in the market, and PSE&G will value those SRECs at \$475 or market value, whichever is higher.

### **Q. What exactly is a Solar Renewable Energy Certificate (SREC)?**

An SREC is a clean energy credit issued in the form of a tradable certificate by the New Jersey Board of Public Utilities (BPU). Every time the solar power system generates 1,000 kWh (1 MWh) of power, one SREC is earned, the value of which is applied to the balance of the loan.

### **Q. When do SRECs start accumulating?**

SRECs start accumulating on the day the solar power system is connected to electric service. PSE&G will track SRECs through the system output meter.

### **Q. What other incentives are available for solar installations?**

Participants may also be eligible for valuable tax credits and incentives that may further offset the cost of the solar power installation. Participants should ask their solar installer/developer or tax advisor for details.

**Q. Are Solar Loan Program participants eligible for New Jersey Clean Energy Program™ rebates?**

Non-residential customers who participate in the PSE&G Solar Loan Program cannot receive Clean Energy Program solar rebates.

**Q. What happens if a business is sold?**

Generally, the loan is repaid at closing, or in some cases, the ownership of the solar energy system — and the SRECs it generates — transfers to the new owner. Please visit [www.pseg.com/solarloan](http://www.pseg.com/solarloan) for more details.

**Q. Will the solar system continue to operate if PSE&G experiences an electric outage?**

In most cases, the solar system is shut down in order to protect the utility workers restoring power. However, some system designs include isolation circuitry that will allow continued operation.

**Q. What steps should a customer take if they are interested in getting started with solar?**

The first step is to obtain several proposals from solar installers/developers. A list of installers/developers can be found at: [www.njcleanenergy.com](http://www.njcleanenergy.com). PSE&G's website ([www.pseg.com/solarloan](http://www.pseg.com/solarloan)) contains important information about the loan program, including application instructions and forms. NOTE: PSE&G cannot accept any loan applications until PSE&G received the written BPU order.

**Q. If customers have additional questions?**

Visit [www.pseg.com/solarloan](http://www.pseg.com/solarloan), send an e-mail to [solarloan@pseg.com](mailto:solarloan@pseg.com) or call the Solar Loan Program at 973-430-8460.