

EDC Solar Long-term Contracting Program Analysis

August 15, 2012 (Revised)

Center for Energy, Economic and Environmental Policy
Rutgers, the State University of New Jersey

Table of Contents

I. Introduction	4
II. Comparison of Analysis Inputs and Results.....	6
III. Atlantic City Electric Program Analysis.....	13
IV. Jersey Central Power & Light Program Analysis	20
V. Rockland Electric Program Analysis	27
VI. Public Service Electric & Gas Program Analysis.....	34
VII. "Solar 4 All" Program Analysis	41
Appendix A: Description of Process.....	43
Appendix B: List of Sources.....	47
Appendix C: Solar Alternative Compliance Payment (SACP) Schedule	50

List of Tables

Comparison of Analysis Inputs and Results

Table 1a: Solicitation Results for ACE, JCP&L and RE.....	6
Table 1b: PSE&G Solicitation Results 2008-2012	6
Table 2: Auction Results 2009-2012	7
Table 3: Program Administration Costs.....	7
Table 4: Total Combined Program Costs per SREC.....	8
Table 5a: Weighted Average Awarded Bid Prices	9
Table 5b: PSE&G Solar Loan Programs Floor Price Schedule	9
Table 6: Program Obligations.....	10
Table 7: Net Ratepayer Refund or Payment under Various SREC Price Scenarios	11-12
Table 8: Breakeven SREC Prices Compared.....	12

Atlantic City Electric Program Analysis

Table 9: ACE Solicitation Round Results.....	13
Table 10: ACE Auction Results.....	14
Table 11: ACE Program Administration Costs.....	14
Table 12: ACE Solicitation-Related Costs.....	15
Table 13: EDC Auction-Related Costs	15
Table 14: ACE Internal Utility Administration Costs.....	16
Table 15: ACE Total Combined Program Administration Costs per SREC.....	16
Table 16: ACE Weighted Average Awarded Solicitation Bid Prices (\$/MWh).....	17
Table 17: ACE Annual Solicitation Contracted SRECs and Total SREC Obligation	17
Table 18: ACE Annual Auctioned SRECs, Total Auction Proceeds and Remaining SREC Proceeds Scenarios	18
Table 19: ACE Net Ratepayer Refund or Payment under Various SREC Price Scenarios	19

Jersey Central Power & Light Program Analysis

Table 20: JCP&L Solicitation Round Results.....	20
Table 21: JCP&L Auction Results.....	21
Table 22: JCP&L Program Administration Costs.....	21
Table 23: JCP&L Solicitation-Related Costs.....	22
Table 24: EDC Auction-Related Costs	22
Table 25: JCP&L Internal Utility Administration Costs.....	22
Table 26: JCP&L Total Combined Program Administration Costs per SREC.....	23
Table 27: JCP&L Weighted Average Awarded Solicitation Bid Prices (\$/MWh).....	23

Table 28: JCP&L Annual Solicitation Contracted SRECs and Total SREC Obligation	24
Table 29: JCP&L Annual Auctioned SRECs, Total Auction Proceeds and Remaining SREC Proceeds Scenarios	25
Table 30: JCP&L Net Ratepayer Refund or Payment under Various SREC Price Scenarios	26

Rockland Electric Program Analysis

Table 31: Rockland Electric Solicitation Round Results	27
Table 32: Rockland Electric Auction Results	28
Table 33: Rockland Electric Program Administration Costs	28
Table 34: Rockland Electric Solicitation-Related Costs	29
Table 35: EDC Auction-Related Costs	29
Table 36: Rockland Electric Internal Utility Administration Costs	30
Table 37: Rockland Electric Total Combined Program Administration Costs per SREC	30
Table 38: Rockland Electric Weighted Average Awarded Solicitation Bid Prices (\$/MWh)	30
Table 39: Rockland Electric Annual Solicitation Contracted SRECs and Total SREC Obligation	31
Table 40: Rockland Electric Annual Auctioned SRECs, Total Auction Proceeds and Remaining SREC Proceeds Scenarios.....	32
Table 41: Rockland Electric Net Ratepayer Refund or Payment under Various SREC Price Scenarios ...	33

Public Service Electric & Gas Program Analysis

Table 42: PSE&G Awarded, Contracted and Installed Capacity.....	34
Table 43: PSE&G Auction Results.....	34
Table 44: PSE&G Solar Program Administration Costs	35
Table 45: EDC Auction-Related Costs	35
Table 46: PSE&G Internal Utility Administration Costs.....	36
Table 47: PSE&G Total Combined Program Administration Costs per SREC.....	36
Table 48: PSE&G Solar Programs Floor Price Schedule	37
Table 49: PSE&G Annual Solicitation Contracted SRECs and Total SREC Obligation	38
Table 50: PSE&G Annual Auctioned SRECs, Total Auction Proceeds and Remaining SREC Proceeds Scenarios	39
Table 51: PSE&G Net Ratepayer Refund or Payment under Various SREC Price Scenarios	40

PSE&G Solar 4 All Program Analysis

Table 52: Solar 4 All Installed MWs by Segment	41
Table 53: Levelized Revenue Cost of Energy (LRCOE) under Low and High Cost Scenarios (\$/MWh) .	41
Table 54: LRCOE Net of 2008-2011 Energy, Capacity and SRECs	42
Table 55: Breakeven SREC Prices Compared.....	42

List of Figures

Figure 1: Ratepayer Refunds or Payments Due to the EDC Solar Long-term Contracting Program	45
Figure 2: Typical Project Cycle Timeline.....	45

I. Introduction

Purpose of the Report

In September 2011, the New Jersey Board of Public Utilities (BPU) requested that the Center for Energy, Economic and Environmental Policy (CEEPP) review the New Jersey Electric Distribution Company (EDC) Solar Long-term Contracting Programs to determine the net exposure of ratepayers. The review undertaken by CEEPP is not a review of New Jersey solar programs in general or a review of the New Jersey Solar Renewable Energy Certificate¹ (SREC) program in particular, but a review of the EDC Solar Long-term Contracting Program specifically.

To do this, CEEPP determined the specific costs and revenues associated with the solar contracting program for each EDC and then calculated the total combined program costs per SREC. Then using four SREC proceeds scenarios, CEEPP calculated the total ratepayer exposure over the full-term of the contracts. This review does not include the environmental benefits of solar energy, the impacts on the transmission and distribution system, or any other costs or benefits of solar other than those directly related to the EDC Solar Long-term Contracting Program.

Program Description: ACE, JCP&L and Rockland Electric

ACE, JCP&L and Rockland Electric operate a joint solar project solicitation program which is administrated through NERA Economic Consulting (NERA). The solicitation takes the form of an RFP process within which the solar projects offer SRECs for sale at a certain price over the life of the contract (10-15 years). The offers are anonymously ranked based on net present value by the solicitation manager. The most-competitively priced projects are awarded up to the program size for each utility. Once the projects are installed and operational they begin producing SRECs which are transferred to the EDC for the agreed-upon price. The EDC sells the SRECs through a semi-quarterly auction managed by NERA in conjunction with PSE&G. Any net revenue from the auctions is used to reduce the ratepayer impact.

Program Description: PSE&G

PSE&G's first solar financing program (Solar Loan I) was filed with the BPU in April 2008, before the official order requiring them to develop such a program. However, PSE&G updated their solar loan program (Solar Loan II) in November of 2009 to make the program more market-based. The Solar Loan II program awards long-term loan contracts covering 40-60% of the cost of qualifying projects with loan repayment in the form of either cash or SRECs, at the borrower's discretion. PSE&G then auctions the SRECs through a semi-quarterly auction managed by NERA in conjunction with the other three EDCs. Any net revenue from the auctions is used to reduce the ratepayer impact. The program will promote market-based solar generation through establishing a floor SREC price, or a guaranteed minimum value that PSE&G will apply to SRECs submitted as loan payment.²

PSE&G also manages a solar financing program called "Solar 4 All" where they have committed to building approximately 40 MW of centralized solar capacity in solar systems 500 kW or larger and 40

¹ An SREC is defined by the 2011 Solar Energy Advancement and Fair Competition Act (SEAFCA) as "the environmental benefits or attributes of one megawatt-hour (MWh) of solar electric generation."

² The SREC price for the purpose of loan repayment will be the SREC Floor Price or the SREC market value, whichever value is greater.

MW of neighborhood solar by installing solar units on utility and street light poles in their service territory. All solar systems installed through this program will be grid-connected to the PSE&G distribution system and will be owned by PSE&G. SRECs produced through the PSE&G-owned solar systems are auctioned similarly to the Solar Loan I and II programs.

Structure of the Report

The report begins with a summary comparison of the findings across all four EDCs and proceeds with detailed reports and calculations for each EDC individually. Appendix A provides a more detailed description of the process used in this analysis and Appendix B lists the resources used. Appendix C lists the Solar Alternative Compliance Payment (SACP) schedule³ for years 2010-2026 that was used in the analysis.

Within each section that details the program analysis for each individual EDC the information is split into three parts. First the data collected from each EDC is summarized including the results of each solicitation and auction period and the associated costs and revenues. Second the solicitation- and auction-related costs are calculated per SREC for each EDC. Lastly, the ratepayer exposure related to each EDC's solar long-term contracting program is calculated and summarized.

³ See Appendix C for the full SACP schedule (Source: NJ BPU)

II. Comparison of Analysis Inputs and Results

The tables below each present the inputs and results for the analysis of the Solar Long-term Contracting Program for three New Jersey EDCs: Atlantic City Electric (ACE), Jersey Central Power & Light (JCP&L), and Rockland Electric Company (RE). Table 1a shows the results of each solicitation, including the awarded capacity in MW, the number of projects awarded, the contracted capacity in MW and the weighted average SREC purchase cost for ACE, JCP&L and RE. Table 1b shows the solicitation results for PSE&G in terms of MW awarded, MW contracted, and MW installed in each applicable energy year.⁴ The weighted average bid price per SREC for ACE, JCP&L and RE combined is \$374.40/SREC with a relatively small range across EDCs of \$14.00/SREC.

Table 1a: Solicitation Results for ACE, JCP&L and RE

Solicitation	MW Awarded			Number of Projects Awarded			MW Contracted			Weighted Average Bid Price ⁵ (\$/SREC)		
	ACE	JCP&L	RE	ACE	JCP&L	RE	ACE	JCP&L	RE	ACE	JCP&L	RE
#1 (August 2009)	0.0	1.6	0.0	0	7	0	0.0	1.6	0.0	N/A	\$383.99	N/A
#2 (December 2009)	2.2	4.2	0.2	10	27	2	2.0	2.9	0.1	\$372.11	\$382.03	\$460.00
#3 (March 2010)	0.1	9.2	0.0	1	58	0	0.1	6.5	0.0	██████ ⁶	\$421.63	N/A
#4 (June 2010)	0.4	3.5	0.0	5	15	0	0.4	3.4	0.0	\$431.36	\$449.17	N/A
#5 (October 2010)	0.4	8.6	0.5	2	49	4	0.4	8.1	0.5	\$463.37	\$452.33	\$456.37
#6 (February 2011)	10.5	6.8	0.8	60	41	5	7.6	4.6	0.8	\$423.94	\$378.63	\$453.75
#7 (June 2011)	3.5 ⁷	6.0	2.3	17	35	11	3.0	6.0	2.2	\$321.66	\$264.14	\$334.87
#8 (September 2011)	6.0	11.0	0.3	19	60	1	6.0	6.8	0.3	\$212.62	\$215.17	██████ ⁸
Total	23.1	50.9	4.1	114	292	23	19.5	40.0	3.9	\$372.40	\$368.40	\$382.40

Table 1b: PSE&G Solicitation Results 2008-2012

Energy Year ⁹	Solar Loan I (SLI)			Solar Loan II (SLII)			Solar 4 All		
	MW Awarded	MW Contracted	MW Installed	MW Awarded	MW Contracted	MW Installed	MW Awarded	MW Contracted	MW Installed
2008	3.9								
2009	13.4	2.8	2.8						
2010	4.9	11.2	11.2	1.4	0.0	0.0	29.9	5.6	5.6
2011		6.1	6.1	28.0	4.6	4.6	16.9	35.3	35.3
2012		1.3	1.3	2.6	3.6	3.6	4.0	5.1	5.1
Total	22.2	21.4	21.4	32.0	8.3	8.3	50.8	46.0	46.0

⁴ PSE&G's loans are done internally on a rolling basis, so the MW awarded and contracted cannot be compared to the solicitation periods detailed in Table 1a. The average bid price value also does not apply to PSE&G.

⁵ Weighted average of all awarded projects

⁶ Note: some data not provided due to confidentiality.

⁷ The ACE reported awarded capacity was 3.916 MW for solicitation #7 (June 2011), but NERA records show the capacity as 3.516 MW. The NERA value is used for these calculations.

⁸ Note: some data not provided due to confidentiality.

⁹ As defined in the New Jersey Solar Energy Advancement and Fair Competition Act: "The 12-month period from June 1st through May 31st and shall be numbered according to the calendar year in which it ends."

Table 2 shows the results of each auction as reported by all four EDCs including the number of SRECs auctioned and the auction price. Again the overall number of SRECs auctioned cannot be compared across utilities because the goal capacity for each utility is set by the BPU. The auction price is the clearing price that applies to all SRECs sold during that auction period. The weighted average SREC auction price¹⁰ for all seven auction periods is reported for each utility as well.

Table 2: Auction Results 2009-2012

Auction	SRECs Auctioned				SREC Auction Price
	ACE	JCP&L	RE	PSE&G	
#1 (August 2009)	N/A	N/A	N/A	1,352	\$688.52
#2 (February 2010)	N/A	N/A	N/A	2,800	\$685.06
#3 (July 2010)	N/A	N/A	N/A	5,750	\$688.03
#4 (October 2010)	N/A	N/A	N/A	5,850	\$665.12
#5 (April 2011)	189	580	15	6,766	\$669.69
#6 (July 2011)	404	1,528	23	19,261	\$475.00
#7 (August 2011)	331	791	8	10,970	\$479.75
#8 (October 2011)	915	3,140	102	28,796	\$227.03
Total	1,839	6,039	148	81,545	

	ACE	JCP&L	RE	PSE&G
Overall Weighted Average Auction Price	\$372.48	\$366.17	\$324.09	\$451.12

Table 3 shows the various program administration costs compared across EDCs. The categories of cost reported include NERA¹¹ solicitation management costs, NERA auction management costs, and administrative costs internal to each utility. NERA solicitation management costs do not apply to the PSE&G solar loan programs because the loan processing is done internally by the utility.

Table 3: Program Administration Costs¹²

Energy Year	NERA Solicitation Manager Costs				NERA Auction Manager Costs ¹³		Internal Utility Admin Costs			
	ACE	JCP&L	RE	PSE&G	ACE, JCP&L, RE Combined	PSE&G	ACE	JCP&L	RE	PSE&G
2009				N/A		\$0				\$1,087,816
2010	\$237,220	\$584,014	\$47,642	N/A	\$0	\$190,051	\$31,356	\$65,954	\$393	\$1,229,777
2011	\$164,680	\$542,345	\$46,134	N/A	\$13,751	\$365,180	\$55,120	\$82,995	\$12,886	\$1,416,399
2012	\$222,226	\$390,863	\$35,078	N/A	\$37,102	\$255,398	\$24,881	\$58,063	\$9,631	\$831,268
Total	\$624,126	\$1,517,222	\$128,854	N/A	\$50,853	\$810,629	\$111,357	\$207,012	\$22,910	\$4,565,260

¹⁰ The weighted average bid price is based on the SREC auction price for all applicable auction periods.

¹¹ NERA Economic Consulting (NERA) is the company hired as solicitation and auction manager for all four EDCs (if applicable).

¹² All cost data is as of October 2011 except for PSE&G whose data was updated more recently in January 2012.

¹³ NERA auction manager costs are reported as ACE, JCP&L, RE combined and PSE&G separately because the NERA invoices were reported in this manner.

Table 4 shows the total combined program costs per SREC compared across EDCs including solicitation cost, auction cost, and “SREC Transaction Fee”. It is important to note that the solicitation cost, internal utility admin cost and total combined program costs are calculated as the cost per contracted SREC while the auction cost is calculated as the cost per auctioned SREC. These three cost categories were summed to determine the total combined program cost per SREC for each EDC. Overall, the “SREC Transaction Fee” accounts for around 90% of the total program cost per SREC contracted for ACE, JCP&L, and RE.

Table 4: Total Program Administration Costs per SREC

Energy Year	Total Solicitation Cost (\$/SREC)				Total Auction Cost (\$/SREC)					
	ACE	JCP&L	RE	PSE&G ¹⁴	ACE	JCP&L	RE	PSE&G		
								SLI	SLII	Total
2009				N/A				\$9.62		\$9.62
2010	\$9.17	\$4.37	\$42.77	N/A	\$9.62	\$9.62	\$9.62	\$9.62	\$9.62	\$9.62
2011	\$1.60	\$2.73	\$2.80	N/A	\$9.62	\$9.62	\$9.62	\$9.62	\$9.62	\$9.62
2012	\$2.01	\$2.47	\$1.16	N/A	\$9.62	\$9.62	\$9.62	\$9.62	\$9.62	\$9.62
Average	\$2.61	\$3.09	\$2.70	N/A	\$9.62	\$9.62	\$9.62	\$9.62	\$9.62	\$9.62

Table 4 Continued: Total Program Administration Costs per SREC

Energy Year	Internal Utility Admin Costs (\$/SREC)						SREC Transaction Fee (\$/SREC)			
	ACE	JCP&L	RE	PSE&G			ACE	JCP&L	RE	PSE&G
				SLI	SLII	Total				
2009				\$21.37		\$21.37				N/A
2010	\$1.21	\$0.49	\$0.35	\$4.15	\$3,095.59	\$6.01	\$22.59	\$31.21	\$39.11	N/A
2011	\$0.54	\$0.42	\$0.78	\$2.68	\$14.12	\$7.52	\$22.59	\$31.21	\$39.11	N/A
2012	\$0.22	\$0.37	\$0.32	\$4.87	\$11.34	\$9.55	\$22.59	\$31.21	\$39.11	N/A
Average	\$0.47	\$0.42	\$0.48	\$6.04	\$15.55	\$8.60	\$22.59	\$31.21	\$39.11	N/A

Table 4 Continued: Total Program Administration Costs per SREC

Energy Year	Total Combined Program Costs (\$/SREC)					
	ACE	JCP&L	RE	PSE&G		
				SLI	SLII	Total
2009				\$30.99		\$30.99
2010	\$42.59	\$45.69	\$91.85	\$13.77	\$3,105.20	\$15.63
2011	\$34.35	\$43.98	\$52.31	\$12.30	\$23.74	\$17.14
2012	\$34.44	\$43.67	\$50.21	\$14.48	\$20.96	\$19.16
Total	\$35.28	\$44.34	\$51.91	\$15.66	\$25.17	\$18.22

¹⁴ PSE&G does not report a solicitation cost for NERA services because loan processing for the Solar Loan I and Solar Loan II programs are handled internally.

Table 5a shows the weighted average solicitation price per SREC awarded in the solicitation process for each utility¹⁵. This value represents the average amount per SREC that the utility has committed to pay the winning bidder for the SRECs produced by their project over a certain amount of time, on behalf of the ratepayers. Table 5b shows the floor price schedule PSE&G uses as a minimum value for SRECs created by solar programs in their Solar Loan I and Solar Loan II programs.

Table 5a: Weighted Average Awarded Bid Prices

Energy Year	Weighted Average Awarded Bid Price (\$/MWh)		
	ACE	JCP&L	RE
2010	\$373	\$407	\$460
2011	\$425	\$423	\$384
2012	\$253	\$232	\$380

Table 5b: PSE&G Solar Loan Programs Floor Price Schedule¹⁶

Energy Year	Solar Loan I	Solar Loan II			
		Residential	Small Non-Residential (≤ 150 kW)	Medium Non-Residential (150 - 500 kW)	Large Non-Residential (500 kW - 2 MW)
2008	\$475	N/A	N/A	N/A	N/A
2009	\$475	N/A	N/A	N/A	N/A
2010	\$475	\$450	\$410	\$380	N/A
2011	\$475	\$428	\$388	\$358	\$345
2012	\$475	\$400	\$360	\$330	\$325

Table 6 shows the total number of SRECs contracted through each utility's program over the 10-year contract period. For ACE, JCP&L and RE, the total solicitation obligations were estimated by multiplying the incremental SRECs contracted each year by the weighted average awarded solicitation price for that year and summing them up. For PSE&G the solicitation obligations were estimated by taking the total number of SRECs contracted in the energy year and multiplying it by the appropriate floor price from Table 5b and summing them up. These values are *not* net present values.

¹⁵ The analysis in this report was performed on awarded contracts within the EDC Programs. The calculated values, such as solicitation obligations, program costs, and ratepayer exposure, based on SREC purchases will be reduced in the future based on the number of awarded projects that are actually installed and the resulting price and quantity of SRECs actually purchased. At the time of this report the final installed capacity for all the EDC programs was not fully available. CEEEP and BPU staff may true up this report in the future when the full installed capacity of the awarded projects is finalized.

¹⁶ Source for PSE&G's Solar Loan II Floor Price Schedule: http://www.pseg.com/home/save/solar/srec_prices.jsp. The EY 2011 floor price values for the Solar Loan II Program are averages of the two floor price values established for projects accepted during that energy year.

Table 6: Program Obligations

Energy Year	Total SRECs				Solicitation Obligations ¹⁷			
	ACE	JCP&L	RE	PSE&G	ACE	JCP&L	RE	PSE&G
				SL I + SL II				SL I + SL II
2009	N/A	N/A	N/A	3,397	N/A	N/A	N/A	\$1,613,636
2010	2,588	13,368	111	17,194	\$964,176	\$5,435,400	\$51,224	\$8,166,904
2011	12,865	33,235	1,759	30,304	\$5,336,812	\$13,832,566	\$678,423	\$13,777,224
2012	23,939	49,056	4,770	36,387	\$8,138,521	\$17,498,063	\$1,822,641	\$16,078,993
2013	23,939	49,056	4,770	36,387	\$8,138,521	\$17,498,063	\$1,822,641	\$16,078,993
2014	23,939	49,056	4,770	36,387	\$8,138,521	\$17,498,063	\$1,822,641	\$16,078,993
2015	23,939	49,056	4,770	36,387	\$8,138,521	\$17,498,063	\$1,822,641	\$16,078,993
2016	23,939	49,056	4,770	36,387	\$8,138,521	\$17,498,063	\$1,822,641	\$16,078,993
2017	23,939	49,056	4,770	36,387	\$8,138,521	\$17,498,063	\$1,822,641	\$16,078,993
2018	23,939	49,056	4,770	36,387	\$8,138,521	\$17,498,063	\$1,822,641	\$16,078,993
2019	23,939	49,056	4,770	36,375	\$8,138,521	\$17,498,063	\$1,822,641	\$16,073,168
2020	21,352	35,688	4,659	35,884	\$7,174,345	\$12,062,663	\$1,771,417	\$15,840,458
2021	11,074	15,821	3,011	34,204	\$2,801,709	\$3,665,498	\$1,144,218	\$15,094,225
2022	N/A	N/A	N/A	33,370	N/A	N/A	N/A	\$14,758,804
2023	N/A	N/A	N/A	33,370	N/A	N/A	N/A	\$14,758,804
2024	N/A	N/A	N/A	29,985	N/A	N/A	N/A	\$13,150,994
2025	N/A	N/A	N/A	16,679	N/A	N/A	N/A	\$6,830,435
2026	N/A	N/A	N/A	5,249	N/A	N/A	N/A	\$1,966,348
Total¹⁸	239,393	490,560	47,704	530,725	\$81,385,210	\$174,980,634	\$18,226,408	\$234,583,952

Table 7 shows the net ratepayer refunds or payments¹⁹ as a result of the Solar Long-term Contracting Program under four different SREC price scenarios. At a steady SREC price of \$200, the program will have a combined deficit of over \$115 million. However, if all remaining SRECs are valued based on the assumed schedule of the Solar Alternative Compliance Payment (SACP), the programs will show a combined surplus of almost \$177 million. This shows that the type and amount of ratepayer impact from the Solar Long-term Contracting Program depends almost exclusively on the SREC price that is assumed over the term of the program. This analysis is only one small part of how SREC prices affect ratepayers and is not meant to suggest that SREC prices should be higher.

¹⁷ These values represent program obligations before applicable auction proceeds.

¹⁸ Note: Total values are not net present valued.

¹⁹ See Figure 1 in Appendix A for a graphic visualization of the ratepayer impact scenarios.

Table 7: Net Ratepayer Refund or Payment under Various SREC Price Scenarios

Energy Year	Scenario 1: SREC Price = \$0				Scenario 2: SREC Price = \$200			
	ACE	JCP&L	RE	PSE&G	ACE	JCP&L	RE	PSE&G
2009	N/A	N/A	N/A	(\$1,613,636)	N/A	N/A	N/A	(\$934,210)
2010	(\$964,176)	(\$5,435,400)	(\$51,224)	(\$5,317,856)	(\$446,635)	(\$2,761,848)	(\$28,953)	(\$2,709,431)
2011	(\$5,463,384)	(\$14,220,986)	(\$668,468)	(\$1,398,977)	(\$2,928,197)	(\$7,689,898)	(\$339,615)	\$988,692
2012	(\$8,696,951)	(\$19,320,953)	(\$1,860,561)	\$4,881,925	(\$4,239,085)	(\$10,601,553)	(\$933,088)	\$353,982
2013	(\$8,138,521)	(\$17,498,063)	(\$1,822,641)	(\$16,078,993)	(\$3,350,655)	(\$7,686,863)	(\$868,568)	(\$8,801,536)
2014	(\$8,138,521)	(\$17,498,063)	(\$1,822,641)	(\$16,078,993)	(\$3,350,655)	(\$7,686,863)	(\$868,568)	(\$8,801,536)
2015	(\$8,138,521)	(\$17,498,063)	(\$1,822,641)	(\$16,078,993)	(\$3,350,655)	(\$7,686,863)	(\$868,568)	(\$8,801,536)
2016	(\$8,138,521)	(\$17,498,063)	(\$1,822,641)	(\$16,078,993)	(\$3,350,655)	(\$7,686,863)	(\$868,568)	(\$8,801,536)
2017	(\$8,138,521)	(\$17,498,063)	(\$1,822,641)	(\$16,078,993)	(\$3,350,655)	(\$7,686,863)	(\$868,568)	(\$8,801,536)
2018	(\$8,138,521)	(\$17,498,063)	(\$1,822,641)	(\$16,078,993)	(\$3,350,655)	(\$7,686,863)	(\$868,568)	(\$8,801,536)
2019	(\$8,138,521)	(\$17,498,063)	(\$1,822,641)	(\$16,073,168)	(\$3,350,655)	(\$7,686,863)	(\$868,568)	(\$8,798,163)
2020	(\$7,174,345)	(\$12,062,663)	(\$1,771,417)	(\$15,840,458)	(\$2,904,020)	(\$4,925,015)	(\$839,615)	(\$8,663,566)
2021	(\$2,801,709)	(\$3,665,498)	(\$1,144,218)	(\$15,094,225)	(\$586,830)	(\$501,386)	(\$541,998)	(\$8,253,365)
2022	N/A	N/A	N/A	(\$14,758,804)	N/A	N/A	N/A	(\$8,084,735)
2023	N/A	N/A	N/A	(\$14,758,804)	N/A	N/A	N/A	(\$8,084,735)
2024	N/A	N/A	N/A	(\$13,150,994)	N/A	N/A	N/A	(\$7,153,898)
2025	N/A	N/A	N/A	(\$6,830,435)	N/A	N/A	N/A	(\$3,494,627)
2026	N/A	N/A	N/A	(\$1,966,348)	N/A	N/A	N/A	(\$916,550)
Total	(\$82,070,211)	(\$177,191,944)	(\$18,274,374)	(\$198,395,739)	(\$34,559,355)	(\$80,287,744)	(\$8,763,244)	(\$108,559,819)

Table 7 Cont.: Net Ratepayer Refund or Payment under Various SREC Price Scenarios

Energy Year	Scenario 3: SREC Price = \$400				Scenario 4: SREC Price = SACP ²⁰			
	ACE	JCP&L	RE	PSE&G	ACE	JCP&L	RE	PSE&G
2009	N/A	N/A	N/A	(\$254,785)	N/A	N/A	N/A	\$801,722
2010	\$70,906	(\$88,296)	(\$6,681)	(\$101,005)	\$829,103	\$3,828,457	\$25,946	\$3,720,339
2011	(\$393,009)	(\$1,158,810)	\$9,238	\$3,376,360	\$3,092,873	\$7,821,436	\$448,911	\$6,659,405
2012	\$218,780	(\$1,882,153)	(\$5,515)	(\$4,173,960)	\$5,969,427	\$9,365,873	\$1,190,825	(\$10,015,006)
2013	\$1,437,210	\$2,124,337	\$85,505	(\$1,524,078)	\$7,206,588	\$13,946,833	\$1,235,163	\$7,245,258
2014	\$1,437,210	\$2,124,337	\$85,505	(\$1,524,078)	\$6,823,559	\$13,161,937	\$1,158,837	\$6,663,062
2015	\$1,437,210	\$2,124,337	\$85,505	(\$1,524,078)	\$6,440,530	\$12,377,041	\$1,082,511	\$6,080,865
2016	\$1,437,210	\$2,124,337	\$85,505	(\$1,524,078)	\$6,081,440	\$11,641,201	\$1,010,956	\$5,535,056
2017	\$1,437,210	\$2,124,337	\$85,505	(\$1,524,078)	\$3,232,660	\$5,803,537	\$443,282	\$1,204,969
2018	\$1,437,210	\$2,124,337	\$85,505	(\$1,524,078)	\$2,945,388	\$5,214,865	\$386,038	\$768,321
2019	\$1,437,210	\$2,124,337	\$85,505	(\$1,523,158)	\$2,658,116	\$4,626,193	\$328,794	\$331,968
2020	\$1,366,305	\$2,212,633	\$92,187	(\$1,486,673)	\$2,220,370	\$3,640,163	\$278,547	(\$51,294)
2021	\$1,628,048	\$2,662,726	\$60,222	(\$1,412,506)	\$1,949,206	\$3,121,522	\$147,544	(\$420,582)
2022	N/A	N/A	N/A	(\$1,410,667)	N/A	N/A	N/A	(\$810,000)
2023	N/A	N/A	N/A	(\$1,410,667)	N/A	N/A	N/A	(\$1,177,074)
2024	N/A	N/A	N/A	(\$1,156,802)	N/A	N/A	N/A	(\$1,246,758)
2025	N/A	N/A	N/A	(\$158,819)	N/A	N/A	N/A	(\$375,646)
2026	N/A	N/A	N/A	\$133,248	N/A	N/A	N/A	\$12,522
Total	\$12,951,501	\$16,616,456	\$747,886	(\$18,723,899)	\$49,449,258	\$94,549,056	\$7,777,355	\$24,927,126

Table 8a and Table 8b compare the “break-even” SREC price for each utility. This is the SREC auction price at which the solicitation obligations for that utility will be equal to the SREC and auction proceeds. At the SREC “break-even” price, there is no net impact on the ratepayer from these financing programs. The break-even SREC prices range from \$345/SREC for ACE and \$475/SREC for PSE&G’s Solar Loan I program.

Table 8a: Breakeven SREC Prices for ACE, JCP&L, and RE

Utility	Break-even Price (\$/SREC)	
ACE	\$345	
JCP&L	\$366	
RE	\$383	
PSE&G	SL I	\$475
	SL II	\$356

²⁰ See Appendix C for the full SACP schedule. Source: NJ BPU.

Table 8b: Breakeven SREC Prices for PSE&G

Utility		Break-even Price (\$/SREC)
PSE&G	SL I	\$475
	SL II	\$356

III. Atlantic City Electric (ACE) Program Analysis*Data Collected*

The tables below present the data submitted to CEEEP by Atlantic City Electric (ACE) in November 2011 with regards to their Solar Long-term Contracting Program. Table 9 shows the results of each solicitation as reported by ACE, including the awarded capacity in MW, the number of projects awarded, the contracted capacity in MW, the installed capacity in MW and the weighted average SREC purchase cost. In total, ACE has awarded 23.1 MW and contracted 19.5 MW of solar capacity under the program between August 2009 and September 2011²¹. The overall weighted average bid price under the solicitation was \$372.40 per SREC.

Table 9: ACE Solicitation Round Results

Solicitation	Date	MW Awarded	Number of Projects Awarded	MW Contracted	MW Installed	Weighted Average SREC Awarded Bid Price
#1	August 2009	0.0	0	0.0	0.0	N/A
#2	December 2009	2.2	10	2.0	1.7	\$372.11
#3	March 2010	0.1	1	0.1	0.1	██████ ²²
#4	June 2010	0.4	5	0.4	0.4	\$431.36
#5	October 2010	0.4	2	0.4	0.4	\$463.37
#6	February 2011	10.5	60	7.6	0.0	\$423.94
#7	June 2011	3.5 ²³	17	3.0	0.0	\$321.66
#8	September 2011	6.0	19	6.0	0.0	\$212.62
Total		23.1	114	19.5	2.6	\$372.40

Table 10 shows the results of each auction as reported by ACE, including the number of SRECs auctioned and the auction price. The auction price is the clearing price that applies to all SRECs sold during that auction period. Overall, ACE has auctioned a total of 1,839 SRECs with auction prices ranging from \$227.03 to \$688.52.

²¹ In some cases, projects that are awarded do not become contracted because the winning parties do not pay the required deposits or do not sign the required contracts within the specified time-period. For this reason, the number of MW contracted is sometimes less than the number of MW awarded in each solicitation period.

²² Note: some data not provided due to confidentiality

²³ The ACE reported awarded capacity was 3.916 MW for solicitation #7 (June 2011), but NERA records show the capacity as 3.516 MW. The NERA value is used for these calculations.

Table 10: ACE Auction Results

Auction	Date	SRECs Auctioned	SREC Auction Price
#1	August 2009	N/A	\$688.52
#2	February 2010	N/A	\$685.06
#3	July 2010	N/A	\$688.03
#4	October 2010	N/A	\$665.12
#5	April 2011	189	\$669.69
#6	July 2011	404	\$475.00
#7	August 2011	331	\$479.75
#8	October 2011	915	\$227.03
Overall Weighted Average			\$372.48

Table 11 shows the program administration costs by category as reported by ACE. The categories of costs reported include NERA solicitation management costs, NERA auction management costs, internal utility administrative costs, “SREC Transaction Fees.”²⁴ A total of \$780,160 has been spent for ACE to administer the solar financing program since the program began in energy year 2010.

Table 11: ACE Program Administration Costs

Energy Year	NERA Solicitation Manager Costs	NERA Auction Manager Costs²⁵	Internal Utility Administrative Costs	“Transaction Fees”
2010	\$237,220	\$0	\$31,356	\$17,250
2011	\$164,680	\$4,038	\$55,120	\$21,252
2012	\$222,226	\$2,138	\$24,881	\$0
Total	\$624,126	\$6,176	\$111,357	\$38,502

Solicitation- and Auction-Related Costs per SREC

In order to fully understand the costs associated with the EDC Solar Long-term Contracting Program, CEEEP estimated the solicitation and auction related costs per SREC contracted to create a standard means of comparison across the multiple EDC programs. Table 12 shows ACE’s solicitation-related costs. This is NERA’s costs to run the solicitations. The total solicitation costs ((B), Table 12) were divided by the total SRECs contracted over the term of the awarded contracts ((A), Table 12) to estimate the total solicitation cost per SREC contracted. The total SRECs contracted over the term was used because costs incurred in the solicitation will yield SRECs over a 10 - 15 year period²⁶. It is assumed here, and throughout this analysis, that the capacity contracted in any given year is installed in that same year and 100% of the SRECs are created²⁷. A capacity factor of 14% was used throughout the analysis in order

²⁴ ACE Stipulation of Settlement, BPU Docket Number EO09020097: “ACE will collect a fee, referred to as an “SREC Transaction Fee”, for each SREC that is procured and subsequently sold pursuant to the Program.” This value is set at \$22.59 per SREC for ACE.

²⁵ These are the NERA auction manager costs reported to CEEEP by ACE as of October 31, 2011.

²⁶ In the case of ACE, most awarded projects had 10-year terms, except for 2 projects that had 15-year terms.

²⁷ This assumption will overestimate the number of SRECs and will also result in a slightly lower estimate of the costs associated with the EDC Solar Long-term Contracting Program. See Figures 1 and 2 in Appendix A for a more detailed description of the full process and the reasons why these assumptions are necessary.

to consistently convert MWs contracted to total SRECs. The total solicitation cost for ACE across energy years 2010-2012 has been \$2.61 per SREC. The cost per SREC in 2010 was much larger due to the relatively small amount of capacity contracted during those years.

Table 12: ACE Solicitation-Related Costs

Energy Year	MW Contracted	Total SRECs over Term	NERA Solicitation Cost	Total Solicitation Cost (\$/SREC)
		(A)	(B)	$\frac{(B)}{(A)}$
2010	2.1	25,877	\$237,220	\$9.17
2011	8.4	102,772	\$164,680	\$1.60
2012	9.0	110,744	\$222,226	\$2.01
Total	19.5	239,393	\$624,126	\$2.61

Table 13 shows the total auction-related costs over all four EDCs. NERA’s total reported cost to run the auctions is approximately \$861,482. The total number of SRECs auctioned by all of the EDCs combined in each energy year was used to calculate that the total cost to auction SRECs is \$9.62 per SREC per year²⁸.

Table 13: EDC Auction-Related Costs

Energy Year	Total SRECs Auctioned by All EDCs in Energy Year	NERA Auction Cost (\$/SREC) ²⁹
2010	4,152	\$9.62
2011	19,150	\$9.62
2012	66,269	\$9.62
Total	89,571	\$9.62

Table 14 shows ACE’s internal utility administration costs related to the Solar Long-term Contracting Program for energy years 2010-2012. The total internal administration cost is on average \$0.47 per SREC per year.

²⁸ SRECs from the same projects can be produced and auctioned for ten years, or the length of the contract.

²⁹ Although each EDC reported NERA auction costs individually, the per SREC auction cost was calculated by dividing the total invoiced NERA auction manager costs by the total number of SRECs auctioned by all four EDCs in the program as of October 31, 2011.

Table 14: ACE Internal Utility Administration Costs

Energy Year	MW Contracted	Total SRECs over Term	Internal Administration Cost	Total Internal Administration Cost (\$/SREC)
		(A)	(B)	$\frac{(B)}{(A)}$
2010	2.1	25,877	\$31,356	\$1.21
2011	8.4	102,772	\$55,120	\$0.54
2012	9.0	110,744	\$24,881	\$0.22
Total	19.5	239,393	\$111,357	\$0.47

Table 15 shows ACE’s total combined solicitation- and auction-related costs. The total solicitation-related costs from Table 12, total auction-related costs from Table 13, total internal administration cost from Table 14 and ACE’s “SREC Transaction Fees” of \$22.59 per SREC were summed up to determine that the combined total average program cost for ACE is \$35.28 per SREC.

Table 15: ACE Total Combined Program Administration Costs per SREC

Energy Year	MW Contracted	Total SRECs Awarded over Project Term	Total Solicitation Cost (\$/SREC)	Auction Cost (\$/SREC)	Internal Utility Administration Costs (\$/SREC)	“SREC Transaction Fee” (\$/SREC)	Total Combined Program Cost (\$/SREC)
			(A)	(B)	(C)	(D)	(A)+(B)+(C)+(D)
2010	2.1	25,877	\$9.17	\$9.62	\$1.21	\$22.59	\$42.59
2011	8.4	102,772	\$1.60	\$9.62	\$0.54	\$22.59	\$34.35
2012	9.0	110,744	\$2.01	\$9.62	\$0.22	\$22.59	\$34.44
Total	19.5	239,393	\$2.61	\$9.62	\$0.47	\$22.59	\$35.28

EDC Solar Long-term Contracting Program Ratepayer Exposure

In addition to the total solicitation- and auction-related costs, CEEEP also estimated the net ratepayer refund or payment related to the EDC Solar Long-term Contracting Programs³⁰. If the solicitation obligations and program costs exceed the auction proceeds then the ratepayer will make a payment. If the solicitation obligations and program costs are less than the auction proceeds then the ratepayer will receive a refund.

To calculate the cost of the SREC solicitation, the weighted average awarded solicitation SREC price was used and is shown for ACE for each energy year in Table 16.

³⁰ See Figure 1 in Appendix A for a full description of how the solar program affects ratepayers through the various costs and revenues associated with the program.

Table 16: ACE Weighted Average Awarded Solicitation Bid Prices (\$/MWh)

Energy Year	Weighted Average Awarded Bid Price
2010	\$373
2011	\$425
2012	\$253

Table 17 shows the incremental contracted SRECs for energy years 2010, 2011, and 2012. Over a 10-year contract period, it is estimated that ACE has contracted a total of 239,393 SRECs. Table 16 shows the total solicitation obligations, which are estimated by multiplying the incremental SRECs for each year by the weighted average awarded solicitation price for that year (Table 16) and summing them up. For example, in EY 2012 the solicitation obligations were calculated using the equation $[(2,588)*(\$373) + (10,277)*(\$425) + (11,074)*(\$253)]^{31}$. Overall, the total obligation of all SRECs contracted under ACE's Solar Long-term Contracting Program solicitations is \$81,385,210 for the full, ten-year contract period.

Table 17: ACE Annual Solicitation Contracted SRECs and Total SREC Obligation

Energy Year	Incremental 2010 Solicitation	Incremental 2011 Solicitation	Incremental 2012 Solicitation	Total SRECs	Solicitation Obligations
2010	2,588			2,588	\$964,176
2011	2,588	10,277		12,865	\$5,336,812
2012	2,588	10,277	11,074	23,939	\$8,138,521
2013	2,588	10,277	11,074	23,939	\$8,138,521
2014	2,588	10,277	11,074	23,939	\$8,138,521
2015	2,588	10,277	11,074	23,939	\$8,138,521
2016	2,588	10,277	11,074	23,939	\$8,138,521
2017	2,588	10,277	11,074	23,939	\$8,138,521
2018	2,588	10,277	11,074	23,939	\$8,138,521
2019	2,588	10,277	11,074	23,939	\$8,138,521
2020		10,277	11,074	21,352	\$7,174,345
2021			11,074	11,074	\$2,801,709
Total	25,877	102,772	110,744	239,393	\$81,385,210

³¹ Due to rounding in the weighted average solicitation prices in Table 14, the solicitation obligations will be slightly different in Table 15 than when using this equation.

Table 18 shows the auctioned SRECs for energy years 2010, 2011, and 2012 as well as the total annual proceeds received from auctions by ACE so far. ACE has received approximately \$685,000 in auction proceeds over the past two years. In addition, CEEEP estimated the value of remaining SRECs by subtracting the number of SRECs auctioned in Table 18 from the Total SRECs in Table 17 and multiplying by an SREC value of \$0, \$200, \$400, or the SACP. Table 18 shows that, depending on the price of SRECs over the next 10 years, the remaining proceeds of the SRECs ACE solicited will range from \$0 to \$132 million.

Table 18: ACE Annual Auctioned SRECs, Total Auction Proceeds, and Remaining SREC Proceeds Scenarios

Energy Year	Number of SRECs Auctioned	Annual Auction Proceeds	Proceeds of Remaining SREC Scenarios			
			\$0 SREC	\$200 SREC	\$400 SREC	SACP
			(A)	(B)	(C)	(D)
2010	0	\$0	\$0	\$517,541	\$1,035,082	\$1,793,279
2011	189	\$126,571	\$0	\$2,535,187	\$5,070,374	\$8,556,257
2012	1,650	\$558,430	\$0	\$4,457,866	\$8,915,731	\$14,666,378
2013			\$0	\$4,787,866	\$9,575,731	\$15,345,109
2014			\$0	\$4,787,866	\$9,575,731	\$14,962,080
2015			\$0	\$4,787,866	\$9,575,731	\$14,579,051
2016			\$0	\$4,787,866	\$9,575,731	\$14,219,961
2017			\$0	\$4,787,866	\$9,575,731	\$11,371,181
2018			\$0	\$4,787,866	\$9,575,731	\$11,083,909
2019			\$0	\$4,787,866	\$9,575,731	\$10,796,637
2020			\$0	\$4,270,325	\$8,540,650	\$9,394,715
2021			\$0	\$2,214,878	\$4,429,757	\$4,750,914
Total	1,839	\$685,001	\$0	\$47,510,859	\$95,021,711	\$131,519,470

Finally, Table 19 shows the net ratepayer refunds or payments as a result of ACE's Solar Long-term Contracting Program under the four different SREC price scenarios shown in Table 18. To determine whether the net ratepayer impact would be positive or negative, CEEEP used the equation [(Proceeds of Remaining SRECs)-(Auction Proceeds)-(Solicitation Obligations)]. At an SREC price equal to the SACP over the next 10 years, the program will show a surplus (or positive net ratepayer impact) of over \$49 million. At a \$200 SREC price, the program will have a deficit (or negative ratepayer impact) of over \$82 million. In addition, CEEEP has calculated that the breakeven SREC price, or the price where the solicitation obligations will be equal to the SREC and auction proceeds (and therefore have no impact on the ratepayers whatsoever), is \$345.48 per SREC.

Table 19: Net Ratepayer Refund or Payment under Various SREC Price Scenarios

Energy Year	Annual Solicitation Obligation	Annual Auction Proceeds	\$0 SREC	\$200 SREC	\$400 SREC	SACP
			(A, Table 18) - (F) - (E)	(B, Table 18) - (F) - (E)	(C, Table 18) - (F) - (E)	(D, Table 18) - (F) - (E)
	(E)	(F)				
2010	\$964,176	\$0	(\$964,176)	(\$446,635)	\$70,906	\$829,103
2011	\$5,336,812	\$126,571	(\$5,463,384)	(\$2,928,197)	(\$393,009)	\$3,092,873
2012	\$8,138,521	\$558,430	(\$8,696,951)	(\$4,239,085)	\$218,780	\$5,969,427
2013	\$8,138,521		(\$8,138,521)	(\$3,350,655)	\$1,437,210	\$7,206,588
2014	\$8,138,521		(\$8,138,521)	(\$3,350,655)	\$1,437,210	\$6,823,559
2015	\$8,138,521		(\$8,138,521)	(\$3,350,655)	\$1,437,210	\$6,440,530
2016	\$8,138,521		(\$8,138,521)	(\$3,350,655)	\$1,437,210	\$6,081,440
2017	\$8,138,521		(\$8,138,521)	(\$3,350,655)	\$1,437,210	\$3,232,660
2018	\$8,138,521		(\$8,138,521)	(\$3,350,655)	\$1,437,210	\$2,945,388
2019	\$8,138,521		(\$8,138,521)	(\$3,350,655)	\$1,437,210	\$2,658,116
2020	\$7,174,345		(\$7,174,345)	(\$2,904,020)	\$1,366,305	\$2,220,370
2021	\$2,801,709		(\$2,801,709)	(\$586,830)	\$1,628,048	\$1,949,206
Total	\$81,385,210	\$685,001	(\$82,070,211)	(\$34,559,355)	\$12,951,501	\$49,449,258

IV. Jersey Central Power & Light (JCP&L) Program Analysis

Data Collected

The tables below present the data submitted to CEEEP by Jersey Central Power and Light (JCP&L) in November 2011 with regards to their Solar Long-term Contracting Program. Table 20 shows the results of each solicitation as reported by JCP&L, including the awarded capacity in MW, the number of projects awarded, the contracted capacity in MW, the installed capacity in MW and the weighted average SREC purchase cost. Please note that JCP&L did not solicit bids in every round that has occurred under the program between August 2009 and September 2011. In total, JCP&L has awarded approximately 50.9 MW and contracted 40.0 MW of solar capacity under the program³². The overall weighted average bid price under the solicitation was \$368.40 per SREC.

Table 20: JCP&L Solicitation Round Results

Solicitation	Date	MW Awarded	Number of Projects Awarded	MW Contracted	MW Installed	Weighted Average SREC Awarded Bid Price
#1	August 2009	1.6	7	1.6	1.1	\$383.99
#2	December 2009	4.2	27	2.9	2.9	\$382.03
#3	March 2010	9.2	58	6.5	5.4	\$421.63
#4	June 2010	3.5	15	3.4	2.3	\$449.17
#5	October 2010	8.6	49	8.1	6.5	\$452.33
#6	February 2011	6.8	41	4.6	2.7	\$378.63
#7	June 2011	6.0	35	6.0	0.9	\$264.14
#8	September 2011	11.0	60	6.8	0.0	\$215.17
Total		50.9	292	40.0	21.9	\$368.40

Table 21 shows the results of each auction as reported by JCP&L, including the number of SRECs auctioned and the auction price. The auction price is the clearing price that applies to all SRECs sold during that auction period. Overall JCP&L has auctioned a total of 6,039 SRECs with auction prices ranging from \$227.03 to \$688.52.

³² In some cases, projects that are awarded do not become contracted because the winning parties do not pay the required deposits or do not sign the required contracts within the specified time-period. For this reason, the number of MW contracted is sometimes less than the number of MW awarded in each solicitation period.

Table 21: JCP&L Auction Results

Auction	Date	SRECs Auctioned	SREC Auction Price
#1	August 2009	N/A	\$688.52
#2	February 2010	N/A	\$685.06
#3	July 2010	N/A	\$688.03
#4	October 2010	N/A	\$665.12
#5	April 2011	580	\$669.69
#6	July 2011	1,528	\$475.00
#7	August 2011	791	\$479.75
#8	October 2011	3,140	\$227.03
Overall Weighted Average			\$366.17

Table 22 shows the various program administration costs by category as reported by JCP&L. The categories of cost reported include NERA solicitation management costs, NERA auction management costs, internal utility administrative costs, “SREC Transaction Fees.”³³ A total of \$1,932,041 has been spent by JCP&L to administer the solar financing program since the program began in energy year 2010.

Table 22: JCP&L Program Administration Costs

Energy Year	NERA Solicitation Manager Costs	NERA Auction Manager Costs³⁴	Internal Utility Administrative Costs	“Transaction Fees”
2010	\$584,014	\$0	\$65,954	\$0
2011	\$542,345	\$3,302	\$82,995	\$18,102
2012	\$390,863	\$16,037	\$58,063	\$170,366
Total	\$1,517,222	\$19,339	\$207,012	\$188,468

Solicitation- and Auction-Related Costs per SREC

In order to fully understand the costs associated with the EDC Solar Long-term Contracting Program, CEEEP first estimated the solicitation- and auction-related costs per SREC contracted to create a standard means of comparison across the multiple EDC programs. Table 23 shows JCP&L’s solicitation-related costs. This is NERA’s costs to run the solicitations. The total solicitation costs ((B), Table 23) were divided by the total SRECs contracted over the term of the awarded contracts ((A), Table 23) to estimate the total solicitation cost per SREC. The total SRECs contracted over the term was used because costs incurred in the solicitation will yield SRECs over a 10 - 15 year period³⁵. It is assumed here, and throughout this analysis, that the capacity contracted in any given year is installed in that same year and 100% of the SRECs are created³⁶. A capacity factor of 14% was used throughout the analysis to convert MWs to SRECs. The total solicitation cost, across energy years 2010-2012, has been \$3.09 per SREC.

³³ JCP&L Stipulation of Settlement, BPU Docket Number EO09020097: “JCP&L will collect a fee, referred to as an “SREC Transaction Fee”, for each SREC that is procured and subsequently sold pursuant to the Program.” This value is set at \$31.21 per SREC for JCP&L.

³⁴ These are the NERA auction manager costs reported to CEEEP by JCP&L as of October 31, 2011.

³⁵ In the case of JCP&L, most awarded projects had 10-year terms, except for 4 projects that had 15-year terms.

³⁶ This assumption will overestimate the number of SRECs, but will also result in a slightly lower estimate of the costs associated with the EDC Solar Long-term Contracting Program. See Figures 1 and 2 in Appendix A for a more detailed description of the full process and the reasons why these assumptions are necessary.

Table 23: JCP&L Solicitation-Related Costs

Energy Year	MW Contracted	Total SRECs over Term	NERA Solicitation Cost	Total Solicitation Cost (\$/SREC)
		(A)	(B)	$\frac{(B)}{(A)}$
2010	10.9	133,678	\$584,014	\$4.37
2011	16.2	198,677	\$542,345	\$2.73
2012	12.9	158,206	\$390,863	\$2.47
Total	40.0	490,560	\$1,517,222	\$3.09

Table 24 shows the total auction-related costs over all four EDCs. NERA's total reported cost to run the auctions is approximately \$861,482. The total number of SRECs auctioned by all of the EDCs combined in each energy year was used to calculate that the total cost to auction SRECs is \$9.62 per SREC per year.

Table 24: EDC Auction-Related Costs

Energy Year	Total SRECs Auctioned by All EDCs in Energy Year	NERA Auction Cost (\$/SREC) ³⁷
2010	4,152	\$9.62
2011	19,150	\$9.62
2012	66,269	\$9.62
Total	89,571	\$9.62

Table 25 shows JCP&L's internal utility administration costs related to the Solar Long-term Contracting Program for energy years 2010-2012. The total internal utility administration cost is on average \$0.42 per SREC per year.

Table 25: JCP&L Internal Utility Administration Costs

Energy Year	MW Contracted	Total SRECs over Term	Internal Administration Cost	Total Internal Administration Cost (\$/SREC)
		(A)	(B)	$\frac{(B)}{(A)}$
2010	10.9	133,678	\$64,954	\$0.49
2011	16.2	198,677	\$82,995	\$0.42
2012	12.9	158,206	\$58,063	\$0.37
Total	40.0	490,560	\$207,012	\$0.42

Table 26 shows JCP&L's total combined program costs. The total solicitation-related costs from Table 23, total auction-related costs from Table 24, total internal utility administration costs from Table 25, and

³⁷ Although each EDC reported NERA auction costs individually, the per SREC auction cost was calculated by dividing the total invoiced NERA auction manager costs by the total number of SRECs auctioned by all four EDCs in the program as of October 31, 2011.

JCP&L’s “SREC Transaction Fees” of \$31.21 per SREC were summed up to determine that the combined total program cost for JCP&L is \$44.34 per SREC.

Table 26: JCP&L Total Combined Program Administration Costs per SREC

Energy Year	MW Contracted	Total SRECs Awarded over Project Term	Total Solicitation Cost (\$/SREC)	Auction Cost (\$/SREC)	Internal Utility Administration Costs (\$/SREC)	“SREC Transaction Fee” (\$/SREC)	Total Combined Program Cost (\$ /SREC)
			(A)	(B)	(C)	(D)	(A)+(B)+(C)+(D)
2010	10.9	133,678	\$4.37	\$9.62	\$0.49	\$31.21	\$45.69
2011	16.2	198,677	\$2.73	\$9.62	\$0.42	\$31.21	\$43.98
2012	12.9	158,206	\$2.47	\$9.62	\$0.37	\$31.21	\$43.67
Total	40.0	490,560	\$3.09	\$9.62	\$0.42	\$31.21	\$44.34

EDC Solar Long-term Contracting Program Ratepayer Exposure

In addition to the total combined program costs, CEEEP also estimated the net ratepayer refund or payment related to the EDC Solar Long-term Contracting Programs³⁸. If the solicitation obligations and program costs exceed the auction proceeds then the ratepayer will make a payment. If the solicitation obligations and program costs are less than the auction proceeds then the ratepayer will receive a refund.

To calculate the cost of the SREC solicitation, the weighted average awarded solicitation SREC price was used and is shown for JCP&L for each energy year in Table 27.

Table 27: JCP&L Weighted Average Awarded Solicitation Bid Prices (\$/MWh)

Energy Year	Weighted Awarded Average Bid Price
2010	\$407
2011	\$423
2012	\$232

Table 28 shows the incremental contracted SRECs for energy years 2010, 2011, and 2012. It is estimated that JCP&L has contracted a total of 490,560 SRECs over the 10-year contract period. Table 28 shows the total solicitation obligations, which are estimated by multiplying the incremental SRECs for each year by the weighted average awarded solicitation price for that year (Table 27) and summing them up. For example, in EY 2012 the solicitation obligations were calculated using the equation $[(13,368)*(\$407) + (19,868)*(\$423) + (15,821)*(\$232)]$ ³⁹. Overall, the total obligation of all SRECs awarded under JCP&L’s Solar Long-term Contracting Program solicitations is \$174,980,634 for the full, ten-year contract period.

³⁸ See Figure 1 in Appendix A for a full description of how the solar program affects ratepayers through the various costs and revenues associated with the program.

³⁹ Due to rounding in the weighted average solicitation prices in Table 24, the solicitation obligations will be slightly different in Table 25 than when using this equation.

Table 28: JCP&L Annual Solicitation Contracted SRECs and Total SREC Obligation

Energy Year	Incremental 2010 Solicitation	Incremental 2011 Solicitation	Incremental 2012 Solicitation	Total SRECs	Solicitation Obligations
2010	13,368			13,368	\$5,435,400
2011	13,368	19,868		33,235	\$13,832,566
2012	13,368	19,868	15,821	49,056	\$17,498,063
2013	13,368	19,868	15,821	49,056	\$17,498,063
2014	13,368	19,868	15,821	49,056	\$17,498,063
2015	13,368	19,868	15,821	49,056	\$17,498,063
2016	13,368	19,868	15,821	49,056	\$17,498,063
2017	13,368	19,868	15,821	49,056	\$17,498,063
2018	13,368	19,868	15,821	49,056	\$17,498,063
2019	13,368	19,868	15,821	49,056	\$17,498,063
2020		19,868	15,821	35,688	\$12,062,663
2021			15,821	15,821	\$3,665,498
TOTAL	133,678	198,677	158,206	490,560	\$174,980,634

Table 29 shows the auctioned SRECs for energy years 2010, 2011, and 2012 as well as the total annual proceeds received from auctions by JCP&L so far. JCP&L has received approximately \$2 million in auction proceeds over the past two years. In addition, CEEEP estimated the value of remaining SRECs by subtracting the number of SRECs auctioned in Table 29 from the Total SRECs in Table 28 and multiplying by an SREC value of \$0, \$200, \$400, or the SACP. Table 29 shows that, depending on the price of SRECs over the next 10 years, the remaining proceeds of the SRECs JCP&L solicited will range from \$0 to \$272 million.

Table 29: JCP&L Annual Auctioned SRECs, Total Auction Proceeds, and Remaining SREC Proceeds Scenarios

Energy Year	Number of SRECs Auctioned	Annual Auction Proceeds	Proceeds Scenarios of Remaining SRECs			
			\$0 SREC	\$200 SREC	\$400 SREC	SACP
			(A)	(B)	(C)	(D)
2010	0	\$0	\$0	\$2,673,552	\$5,347,104	\$9,263,858
2011	580	\$388,420	\$0	\$6,531,088	\$13,062,176	\$22,042,422
2012	5,459	\$1,822,889	\$0	\$8,719,400	\$17,438,800	\$28,686,826
2013			\$0	\$9,811,200	\$19,622,400	\$31,444,896
2014			\$0	\$9,811,200	\$19,622,400	\$30,660,000
2015			\$0	\$9,811,200	\$19,622,400	\$29,875,104
2016			\$0	\$9,811,200	\$19,622,400	\$29,139,264
2017			\$0	\$9,811,200	\$19,622,400	\$23,301,600
2018			\$0	\$9,811,200	\$19,622,400	\$22,712,928
2019			\$0	\$9,811,200	\$19,622,400	\$22,124,256
2020			\$0	\$7,137,648	\$14,275,296	\$15,702,826
2021			\$0	\$3,164,112	\$6,328,224	\$6,787,020
TOTAL	6,039	\$2,211,309	\$0	\$96,904,200	\$193,808,400	\$271,741,000

Finally, Table 30 shows the net ratepayer refunds or payments as a result of JCP&L's Solar Long term Contracting Program under the four different SREC price scenarios shown in Table 29. To estimate this, CEEEP used the equation [(Proceeds of Remaining SRECs)-(Auction Proceeds)-(Solicitation Obligations)]. At an SREC price equal to the SACP over the next 10 years, the program will show a surplus of over \$94 million. At a \$200 SREC price, the program will have a deficit of over \$80 million. In addition, CEEEP has calculated that the breakeven SREC price, or the price where the solicitation obligations will be equal to the SREC and auction proceeds, is \$366.

Table 30: Net Ratepayer Refund or Payment under Various SREC Price Scenarios

Energy Year	Annual Solicitation Obligations	Annual Auction Proceeds	\$0 SREC	\$200 SREC	\$400 SREC	SACP
	(E)	(F)	(A, Table 27)-(F)-(E)	(B, Table 27)-(F)-(E)	(C, Table 27)-(F)-(E)	(D, Table 27)-(F)-(E)
2010	\$5,435,400	\$0	(\$5,435,400)	(\$2,761,848)	(\$88,296)	\$3,828,457
2011	\$13,832,566	\$388,420	(\$14,220,986)	(\$7,689,898)	(\$1,158,810)	\$7,821,436
2012	\$17,498,063	\$1,822,889	(\$19,320,953)	(\$10,601,553)	(\$1,882,153)	\$9,365,873
2013	\$17,498,063		(\$17,498,063)	(\$7,686,863)	\$2,124,337	\$13,946,833
2014	\$17,498,063		(\$17,498,063)	(\$7,686,863)	\$2,124,337	\$13,161,937
2015	\$17,498,063		(\$17,498,063)	(\$7,686,863)	\$2,124,337	\$12,377,041
2016	\$17,498,063		(\$17,498,063)	(\$7,686,863)	\$2,124,337	\$11,641,201
2017	\$17,498,063		(\$17,498,063)	(\$7,686,863)	\$2,124,337	\$5,803,537
2018	\$17,498,063		(\$17,498,063)	(\$7,686,863)	\$2,124,337	\$5,214,865
2019	\$17,498,063		(\$17,498,063)	(\$7,686,863)	\$2,124,337	\$4,626,193
2020	\$12,062,663		(\$12,062,663)	(\$4,925,015)	\$2,212,633	\$3,640,163
2021	\$3,665,498		(\$3,665,498)	(\$501,386)	\$2,662,726	\$3,121,522
TOTAL	\$174,980,634	\$2,211,309	(\$177,191,944)	(\$80,287,744)	\$16,616,456	\$94,549,056

V. Rockland Electric Company (RE) Program Analysis

Data Collected

The tables below present the data submitted to CEEEP by Rockland Electric Company (RE) in November 2011 with regards to their Solar Long-term Contracting Program. Table 31 shows the results of each solicitation as reported by RE, including the awarded capacity in MW, the number of projects awarded, the contracted capacity in MW, the installed capacity in MW, and the weighted average SREC purchase cost. Please note that RE did not solicit bids in every round that has occurred under the program. In total, RE has awarded 4.1 MW and contracted 3.9 MW of solar capacity under the program between August 2009 and September 2011.⁴⁰ The overall weighted average bid price under the solicitation was \$382.40 per SREC.

Table 31: Rockland Electric Solicitation Round Results

Solicitation	Date	MW Awarded	Number of Projects Awarded	MW Contracted	MW Installed	Weighted Average SREC Awarded Bid Price
#1	August 2009	0.0	0	0.0	0.0	N/A
#2	December 2009	0.2	2	0.1	0.1	\$460.00
#3	March 2010	0.0	0	0.0	0.0	N/A
#4	June 2010	0.0	0	0.0	0.0	N/A
#5	October 2010	0.5	4	0.5	0.2	\$456.37
#6	February 2011	0.8	5	0.8	0.3	\$453.75
#7	June 2011	2.3	11	2.2	0.0	\$334.87
#8	September 2011	0.3	1	0.3	0.0	██████ ⁴¹
Total		4.1	23	3.9	0.6	\$382.40

Table 32 shows the results of each auction as reported by RE, including the number of SRECs auctioned and the auction price. The auction price is the clearing price that applies to all SRECs sold during that auction period. Overall, RE has auctioned 148 SRECs with auction prices ranging from \$227.03 to \$688.52.

⁴⁰ In some cases, projects that are awarded do not become contracted because the winning parties do not pay the required deposits or do not sign the required contracts within the specified time-period. For this reason, the number of MW contracted is sometimes less than the number or MW awarded in each solicitation period.

⁴¹ Note: some data not provided due to confidentiality

Table 32: Rockland Electric Auction Results

Auction	Date	SRECs Auctioned	SREC Auction Price
#1	August 2009	N/A	\$688.52
#2	February 2010	N/A	\$685.06
#3	July 2010	N/A	\$688.03
#4	October 2010	N/A	\$665.12
#5	April 2011	15	\$669.69
#6	July 2011	23	\$475.00
#7	August 2011	8	\$479.75
#8	October 2011	102	\$227.03
Overall Weighted Average			\$324.09

Table 33 shows the program administration costs by category as reported by RE. The categories of cost reported include NERA solicitation management costs, NERA auction management costs, internal utility administrative costs, “SREC Transaction Fees.”⁴² A total of \$164,481 has been spent for RE to administer the solar financing program since the program began in energy year 2010.

Table 33: Rockland Electric Program Administration Costs

Energy Year	NERA Solicitation Manager Costs	NERA Auction Manager Costs⁴³	Internal Utility Administrative Costs	“Transaction Fees”
2010	\$47,642	\$0	\$393	\$0
2011	\$46,134	\$2,075	\$12,886	\$587
2012	\$35,078	\$4,854	\$9,631	\$5,202
Total	\$128,854	\$6,929	\$22,910	\$5,788

Solicitation- and Auction-Related Costs per SREC

In order to fully understand the costs associated with the EDC Solar Long-term Contracting Program, CEEEP estimated the solicitation and auction-related costs per SREC contracted to create a standard means of comparison across the multiple EDC programs. Table 34 shows RE’s solicitation-related costs. This is NERA’s costs to run the solicitations. The total solicitation costs ((B), Table 34) were divided by the total SRECs contracted over the term of the awarded contracts ((A), Table 34) to estimate the total solicitation cost per SREC contracted. The total SRECs contracted over the term was used because costs incurred in the solicitation will yield SRECs over a 10-year period.⁴⁴ It is assumed here, and throughout this analysis, that the capacity contracted in any given year is installed in that same year and 100% of the

⁴² RE Stipulation of Settlement, BPU Docket Number EO09020097: “RE will collect a fee, referred to as an “SREC Transaction Fee”, for each SREC that is procured and subsequently sold pursuant to the Program.” This value is set at \$39.11 per SREC for RE.

⁴³ These are the NERA auction manager costs reported to CEEEP by RE as of October 31, 2011.

⁴⁴ In the case of Rockland Electric, all awarded projects had 10-year terms. The other EDC’s may have longer contract terms which will be accounted for in future analyses.

SRECs are created⁴⁵. A capacity factor of 14% was used throughout the analysis in order to consistently convert MWs contracted to total SRECs. The total solicitation cost for RE across energy years 2010-2012 has been \$2.70 per SREC. The cost per SREC in 2010 and 2012 were much larger due to the relatively small amount of capacity awarded during those years.

Table 34: Rockland Electric Solicitation-Related Costs

Energy Year	MW Contracted	Total SRECs over Term	NERA Solicitation Cost	Total Solicitation Cost (\$/SREC)
		(A)	(B)	$\frac{(B)}{(A)}$
2010	0.1	1,114	\$47,642	\$42.77
2011	1.3	16,479	\$46,134	\$2.80
2012	2.2	30,111	\$35,078	\$1.16
Total	3.6	47,704	\$128,855	\$2.70

Table 35 shows the total auction-related costs over all four EDCs. NERA's total reported cost to run the auctions is approximately \$861,482. The total number of SRECs auctioned by all of the EDCs combined in each energy year was used to calculate that the total cost to auction SRECs is \$9.62 per SREC per year⁴⁶.

Table 35: EDC Auction-Related Costs

Energy Year	Total SRECs Auctioned by All EDCs in Energy Year	NERA Auction Cost (\$/SREC) ⁴⁷
2010	4,152	\$9.62
2011	19,150	\$9.62
2012	66,269	\$9.62
Total	89,571	\$9.62

Table 36 shows Rockland Electric's internal utility administration costs related to the Solar Long-term Contracting Program for energy years 2010-2012. The total internal administration cost is on average \$0.48 per SREC per year.

⁴⁵ This assumption will overestimate the number of SRECs, but will also result in a slightly lower estimate of the costs associated with the EDC Solar Long-term Contracting Program. See Figures 1 and 2 in Appendix A for a more detailed description of the full process and the reasons why these assumptions are necessary.

⁴⁶ SRECs from the same projects can be produced and auctioned for ten years, or the length of the contract.

⁴⁷ Although each EDC reported NERA auction costs individually, the per SREC auction cost was calculated by dividing the total invoiced NERA auction manager costs by the total number of SRECs auctioned by all four EDCs in the program as of October 31, 2011.

Table 36: Rockland Electric Internal Utility Administration Costs

Energy Year	MW Contracted	Total SRECs over Term	Internal Administration Cost	Total Internal Administration Cost (\$/SREC)
		(A)	(B)	$\frac{(B)}{(A)}$
2010	0.1	1,114	\$393	\$0.35
2011	1.3	16,479	\$12,886	\$0.78
2012	2.2	30,111	\$9,631	\$0.32
Total	3.6	47,704	\$22,910	\$0.48

Table 37 shows RE’s total combined program costs. The total solicitation-related costs from Table 34, total auction-related costs from Table 35, total internal utility administration costs from Table 36, and RE’s “SREC Transaction Fees” of \$39.11 per SREC were summed up to determine that the total combined program costs for RE are \$51.91 per SREC.

Table 37: Rockland Electric Total Combined Program Administration Costs per SREC

Energy Year	MW Contracted	Total SRECs over Term	Total Solicitation Cost (\$/SREC)	Auction Cost (\$/SREC)	Internal Utility Administration Cost (\$/SREC)	“SREC Transaction Fee” (\$/SREC)	Total Combined Program Cost (\$/SREC)
			(A)	(B)	(C)	(D)	(A)+(B)+(C)+(D)
2010	0.1	1,114	\$42.77	\$9.62	\$0.35	\$39.11	\$91.85
2011	1.3	16,479	\$2.80	\$9.62	\$0.78	\$39.11	\$52.31
2012	2.2	30,111	\$1.16	\$9.62	\$0.32	\$39.11	\$50.21
Total	3.6	47,704	\$2.70	\$9.62	\$0.48	\$39.11	\$51.91

EDC Solar Long-term Contracting Program Ratepayer Exposure

In addition to the total combined program costs, CEEEP also estimated the net ratepayer refund or payment related to the EDC Solar Long-term Contracting Programs⁴⁸. If the solicitation obligations and program costs are less than the auction proceeds then the ratepayer will receive a refund.

To calculate the cost of the SREC solicitation, the weighted average awarded solicitation SREC price was used and is shown for RE for each energy year in Table 38.

Table 38: Rockland Electric Weighted Average Awarded Solicitation Bid Prices (\$/MWh)

Energy Year	Weighted Awarded Average Bid Price
2010	\$460
2011	\$384
2012	\$380

⁴⁸ See Figure 1 in Appendix A for a full description of how the solar program affects ratepayers through the various costs and revenues associated with the program.

Table 39 shows the incremental contracted SRECs for energy years 2010, 2011, and 2012. Over a 10-year contract period, it is estimated that RE has contracted a total of 47,704 SRECs. Table 39 shows the total solicitation obligations, which are estimated by multiplying the incremental SRECs for each year by the weighted average awarded solicitation price for that year (Table 38) and summing them up. For example, in EY 2012 the solicitation obligations were calculated using the equation $[(111)*(\$460) + (4,322)*(\$384) + (337)*(\$380)]^{49}$. Overall, the total obligation of all SRECs contracted under RE’s Solar Long-term Contracting Program solicitations amounts to \$18,226,408 for the full, ten-year contract period.

Table 39: Rockland Electric Annual Solicitation Contracted SRECs and Total SREC Obligation

Energy Year	Incremental 2010 Solicitation	Incremental 2011 Solicitation	Incremental 2012 Solicitation	Total SRECs	Solicitation Obligations
2010	111			111	\$51,224
2011	111	1,648		1,759	\$678,423
2012	111	1,648	3,011	4,770	\$1,822,641
2013	111	1,648	3,011	4,770	\$1,822,641
2014	111	1,648	3,011	4,770	\$1,822,641
2015	111	1,648	3,011	4,770	\$1,822,641
2016	111	1,648	3,011	4,770	\$1,822,641
2017	111	1,648	3,011	4,770	\$1,822,641
2018	111	1,648	3,011	4,770	\$1,822,641
2019	111	1,648	3,011	4,770	\$1,822,641
2020		1,648	3,011	4,659	\$1,771,417
2021			3,011	3,011	\$1,144,218
Total	1,114	16,479	30,111	47,704	\$18,226,408

Table 40 shows the auctioned SRECs for energy years 2010, 2011, and 2012 as well as the total annual proceeds received from auctions by RE so far. RE has received approximately \$48,000 in auction proceeds over the past two years. In addition, CEEEP estimated the value of remaining SRECs by subtracting the number of SRECs auctioned in Table 40 from the Total SRECs in Table 39 and multiplying by an SREC value of \$0, \$200, \$400, or the SACP. Table 40 shows that, depending on the price of SRECs over the next 10 years, the remaining proceeds of the SRECs RE solicited will range from \$0 to \$26 million.

⁴⁹ Due to rounding in the weighted average solicitation prices in Table 34, the solicitation obligations will be slightly different in Table 39 then when using this equation.

Table 40: Rockland Electric Annual Auctioned SRECs, Total Auction Proceeds, and Remaining SREC Proceeds Scenarios

Energy Year	Number of Auctioned SRECs	Annual Auction Proceeds	Proceeds of Remaining SREC Scenarios			
			\$0 SREC	\$200 SREC	\$400 SREC	SACP
			(A)	(B)	(C)	(D)
2010	0	\$0	\$0	\$22,271	\$44,543	\$77,170
2011	15	\$10,045	\$0	\$348,853	\$697,706	\$1,177,379
2012	133	\$37,920	\$0	\$927,473	\$1,854,946	\$3,051,386
2013			\$0	\$954,073	\$1,908,146	\$3,057,804
2014			\$0	\$954,073	\$1,908,146	\$2,981,478
2015			\$0	\$954,073	\$1,908,146	\$2,905,152
2016			\$0	\$954,073	\$1,908,146	\$2,833,597
2017			\$0	\$954,073	\$1,908,146	\$2,265,923
2018			\$0	\$954,073	\$1,908,146	\$2,208,679
2019			\$0	\$954,073	\$1,908,146	\$2,151,435
2020			\$0	\$931,802	\$1,863,603	\$2,049,963
2021			\$0	\$602,220	\$1,204,440	\$1,291,762
Total	148	\$47,965	\$0	\$9,511,130	\$19,022,259	\$26,051,728

Finally, Table 41 shows the net ratepayer refunds or payments as a result of RE’s Solar Long-term Contracting Program under the four different SREC price scenarios shown in Table 40. To determine whether the net ratepayer impact would be positive or negative, CEEEP used the equation [(Proceeds of Remaining SRECs)-(Auction Proceeds)-(Solicitation Obligations)]. At an SREC price equal to the SACP over the next 10 years, the program will show a surplus (or positive net ratepayer impact) of almost \$8 million. At a \$200 SREC price, the program will have a deficit (or negative net ratepayer impact) of almost \$9 million. In addition, CEEEP has calculated that the breakeven SREC price, or the price where the solicitation obligations will be equal to the SREC and auction proceeds, is \$382.60 per SREC.

Table 41: Net Ratepayer Refund or Payment under Various SREC Price Scenarios

Energy Year	Annual Solicitation Obligations	Annual Auction Proceeds	\$0 SREC	\$200 SREC	\$400 SREC	SACP
	(E)	(F)	(A, Table 37)- (F)-(E)	(B, Table 37)- (F)-(E)	(C, Table 37)- (F)-(E)	(D, Table 37)- (F)-(E)
2010	\$51,224	\$0	(\$51,224)	(\$28,953)	(\$6,681)	\$25,946
2011	\$678,423	\$10,045	(\$668,468)	(\$339,615)	\$9,238	\$488,911
2012	\$1,822,641	\$37,920	(\$1,860,561)	(\$933,088)	(\$5,515)	\$1,190,825
2013	\$1,822,641		(\$1,822,641)	(\$868,568)	\$85,505	\$1,235,163
2014	\$1,822,641		(\$1,822,641)	(\$868,568)	\$85,505	\$1,158,837
2015	\$1,822,641		(\$1,822,641)	(\$868,568)	\$85,505	\$1,082,511
2016	\$1,822,641		(\$1,822,641)	(\$868,568)	\$85,505	\$1,010,956
2017	\$1,822,641		(\$1,822,641)	(\$868,568)	\$85,505	\$443,282
2018	\$1,822,641		(\$1,822,641)	(\$868,568)	\$85,505	\$386,038
2019	\$1,822,641		(\$1,822,641)	(\$868,568)	\$85,505	\$328,794
2020	\$1,771,417		(\$1,771,417)	(\$839,615)	\$92,187	\$278,547
2021	\$1,144,218		(\$1,144,218)	(\$541,998)	\$60,222	\$147,544
Total	\$18,226,408	\$47,965	(\$18,274,374)	(\$8,763,244)	\$747,886	\$7,777,355

VI. Public Service Electric & Gas (PSE&G) Program Analysis

Data Collected

The tables below present the data submitted to CEEEP by Public Service Electric & Gas (PSE&G) in November of 2011 and January of 2012 with regards to their Solar Loan I and II programs. Solicitation for solar projects under the Solar Loan programs is handled internally by PSE&G. Table 42 shows the awarded, contracted and installed solar capacity in MW for energy years 2008 through 2012. In total, PSE&G has awarded 54.2 MW and contracted 29.7 MW of solar capacity under these programs between 2008 and 2012.⁵⁰

Table 42: PSE&G Awarded, Contracted, and Installed Capacity

Energy Year	Solar Loan I			Solar Loan II		
	MW Awarded	MW Contracted	MW Installed	MW Awarded	MW Contracted	MW Installed
2008	3.9					
2009	13.4	2.8	2.8			
2010	4.9	11.2	11.2	1.4	0.0	0.0
2011		6.1	6.1	28.0	4.6	4.6
2012		1.3	1.3	2.6	3.6	3.6
Total	22.2	21.4	21.4	32.0	8.3	8.3

Table 43 shows the results of each auction as reported by PSE&G, including the number of SRECs auctioned and the auction price. The auction price is the clearing price that applies to all SRECs sold during that auction period. Overall, PSE&G has auctioned a total of 81,545 SRECs at auction prices ranging from \$227.03 to \$688.52 per SREC.

Table 43: PSE&G Auction Results

Auction	Date	SRECs Auctioned	SREC Auction Price
#1	August 2009	1,352	\$688.52
#2	February 2010	2,800	\$685.06
#3	July 2010	5,750	\$688.03
#4	October 2010	5,850	\$665.12
#5	April 2011	6,766	\$669.69
#6	July 2011	19,261	\$475.00
#7	August 2011	10,970	\$479.75
#8	October 2011	28,796	\$227.03
Overall Weighted Average			\$451.12

⁵⁰ In some cases, projects that are awarded do not become contracted because the winning parties do not pay the required deposits or do not sign the required contracts within the specified time-period. For this reason, the number of MW contracted is sometimes less than the number or MW awarded in each solicitation period.

Table 44 shows the program costs by category as reported by PSE&G. As mentioned above, the NERA solicitation manager costs do not apply to PSE&G as they manage the loans for their solar projects internally. Also, PSE&G solar loan programs do not have an “SREC Transaction Fee⁵¹.” A total of \$5,375,889 has been spent for PSE&G to administer the Solar Loan programs since 2009.

Table 44: PSE&G Solar Program Costs

Energy Year	NERA Solicitation Manager Costs	NERA Auction Manager Costs	Internal Utility Administrative Costs	
			Solar Loan I	Solar Loan II
2009	N/A	\$0	\$1,087,816	N/A
2010	N/A	\$190,051	\$849,020	\$380,757
2011	N/A	\$365,180	\$290,794	\$1,125,605
2012	N/A	\$255,398	\$117,558	\$713,710
Total	N/A	\$810,629	\$2,345,188	\$2,220,072

Solicitation- and Auction-Related Costs per SREC

In order to fully understand the costs associated with the EDC Solar Long-term Contracting Program, CEEEP estimated the total program costs per SREC contracted to create a standard means of comparison across the multiple EDC programs. The total SRECs contracted over the 10-15 year loan term was used⁵². A capacity factor of 14% was used throughout the analysis in order to consistently convert MWs contracted to total SRECs. Table 45 shows the total auction-related costs over all four EDCs. NERA’s total reported cost to run the auctions is approximately \$861,482. The total number of SRECs auctioned by all of the EDCs combined in each energy year was used to calculate that the total cost to auction SRECs is \$9.62 per SREC per year⁵³.

Table 45: EDC Auction-Related Costs

Energy Year	Total SRECs Auctioned by All EDCs in Energy Year	NERA Auction Cost (\$/SREC) ⁵⁴
2010	4,152	\$9.62
2011	19,150	\$9.62
2012	66,269	\$9.62
Total	89,571	\$9.62

⁵¹ While ACE, RE and JCP&L have an “SREC Transaction Fee,” the PSE&G internal utility administrative costs include a “return on equity” component instead.

⁵² Residential projects in PSEG’s solar programs have a 10-year loan term while non-residential projects have a 15-year loan term.

⁵³ SRECs from the same projects can be produced and auctioned for ten years, or the length of the contract.

⁵⁴ Although each EDC reported NERA auction costs individually, a more consistent value for the per SREC auction cost was calculated by dividing the total invoiced NERA auction manager costs by the total number of SRECs auctioned by all four EDCs in the program as of October 31, 2011.

Table 46 shows PSE&G’s internal administration costs per SREC for both the Solar Loan I and Solar Loan II programs. On average the internal administration cost per SREC for the Solar Loan I program between 2009 and 2012 is \$6.04. The average internal administration cost per SREC for the Solar Loan II program between 2010 and 2012 is \$15.55.

Table 46: PSE&G Internal Utility Administration Costs

Energy Year	MW Contracted		Total SRECs over Term		Internal Administration Costs		Total Internal Administration Cost (\$/SREC)	
	Solar Loan I	Solar Loan II	Solar Loan I	Solar Loan II	Solar Loan I	Solar Loan II	Solar Loan I	Solar Loan II
			(A1)	(A2)	(B1)	(B2)	$\frac{(B1)}{(A1)}$	$\frac{(B2)}{(A2)}$
2009	2.8	N/A	50,896	N/A	\$1,087,816	N/A	\$21.37	N/A
2010	11.2	0.0	204,380	123	\$849,020	\$380,757	\$4.15	\$3,095.59
2011	6.1	4.6	108,536	79,716	\$290,794	\$1,125,605	\$2.68	\$14.12
2012	1.3	3.6	24,160	62,914	\$117,558	\$713,710	\$4.87	\$11.34
Total	21.4	8.3	387,972	142,753	\$2,345,188	\$2,220,072	\$6.04	\$15.55

Table 47 shows PSE&G’s total combined program costs per SREC. This includes PSE&G’s auction-related costs and internal administration costs for both the Solar Loan I and Solar Loan II programs. The combined total average cost for PSE&G’s solar loan programs combined is \$18.22 per SREC.

Table 47: PSE&G Total Combined Program Administration Costs per SREC

Energy Year	MW Contracted		Total SRECs over Term		Auction Cost (\$/SREC)		Internal Utility Administration Cost (\$/SREC)		Total Combined Program Cost (\$/SREC)	
	Solar Loan I	Solar Loan II	Solar Loan I	Solar Loan II	Solar Loan I	Solar Loan II	Solar Loan I	Solar Loan II	Solar Loan I	Solar Loan II
					(A1)	(A2)	(B1)	(B2)	(A1)+(B1)	(A2)+(B2)
2009	2.8	N/A	50,896	N/A	\$9.62	N/A	\$21.37	N/A	\$30.99	N/A
2010	11.2	0.0	204,380	123	\$9.62	\$9.62	\$4.15	\$3,095.59 ⁵⁵	\$13.77	\$3,105.21 ⁵⁶
2011	6.1	4.6	108,536	79,716	\$9.62	\$9.62	\$2.68	\$14.12	\$12.30	\$23.74
2012	1.3	3.6	24,160	62,914	\$9.62	\$9.62	\$4.87	\$11.34	\$14.49	\$20.96
Total	21.4	8.3	387,972	142,753	\$9.62	\$9.62	\$6.04	\$15.55	\$15.66	\$25.17

EDC Solar Long-term Contracting Program Ratepayer Exposure

In addition to the total combined program costs, CEEEP also estimated the net ratepayer refund or payment related to the EDC Solar Long-term Contracting Programs⁵⁷. If the solicitation obligations and program costs are less than the auction proceeds then the ratepayer will receive a refund.

⁵⁵ Note: relatively high internal utility administration cost per SREC is due to high upfront costs and relatively low SRECs produced.

⁵⁶ Note: relatively high total combined program cost per SREC is due to high upfront costs and relatively low SRECs produced.

To calculate the cost of the SREC solicitation, the SREC floor price was used and is shown for PSE&G in Table 48 for both solar programs by segment size and energy year.

Table 48: PSE&G Solar Programs Floor Price Schedule⁵⁸

Energy Year	Solar Loan I	Solar Loan II			
		Residential	Small Non-Residential (≤ 150 kW)	Medium Non-Residential (150 - 500 kW)	Large Non-Residential (500 kW - 2 MW)
2008	\$475	N/A	N/A	N/A	N/A
2009	\$475	N/A	N/A	N/A	N/A
2010	\$475	\$450	\$410	\$380	N/A
2011	\$475	\$428	\$388	\$358	\$345
2012	\$475	\$400	\$360	\$330	\$325

Table 49 shows the incremental contracted SRECs for energy years 2009, 2010, 2011, and 2012. Over a 15-year contract period, it is estimated that PSE&G has contracted a total of 530,725 SRECs. Table 49 shows the total solicitation obligations, which are estimated by multiplying the incremental SRECs for each year by the appropriate SREC floor price for that year and segment (Table 48) and summing them up. Overall, the total obligation of all SRECs contracted under PSE&G's Solar Loan I and II programs solicitations amounts to \$234,583,952 for the full, ten-year contract period.

⁵⁷ See Figure 1 in Appendix A for a full description of how the solar program affects ratepayers through the various costs and revenues associated with the program.

⁵⁸ Source for PSE&G's Solar Loan II Floor Price Schedule: http://www.pseg.com/home/save/solar/srec_prices.jsp. The EY 2011 floor price values for the Solar Loan II Program are averages of the two possible floor price values established for projects accepted during that energy year.

Table 49: PSE&G Annual Solicitation Contracted SRECs and Total SREC Obligation

Energy Year	Incremental 2009 Solicitation	Incremental 2010 Solicitation	Incremental 2011 Solicitation	Incremental 2012 Solicitation	Total SRECs	Total Solicitation Obligations
2009	3,397				3,397	\$1,613,636
2010	3,397	13,797			17,194	\$8,166,904
2011	3,397	13,797	13,110		30,304	\$13,777,224
2012	3,397	13,797	13,110	6,083	36,387	\$16,078,993
2013	3,397	13,797	13,110	6,083	36,387	\$16,078,993
2014	3,397	13,797	13,110	6,083	36,387	\$16,078,993
2015	3,397	13,797	13,110	6,083	36,387	\$16,078,993
2016	3,397	13,797	13,110	6,083	36,387	\$16,078,993
2017	3,397	13,797	13,110	6,083	36,387	\$16,078,993
2018	3,397	13,797	13,110	6,083	36,387	\$16,078,993
2019	3,385	13,797	13,110	6,083	36,375	\$16,073,168
2020	3,385	13,306	13,110	6,083	35,884	\$15,840,458
2021	3,385	13,306	11,430	6,083	34,204	\$15,094,225
2022	3,385	13,306	11,430	5,249	33,370	\$14,758,804
2023	3,385	13,306	11,430	5,249	33,370	\$14,758,804
2024		13,306	11,430	5,249	29,985	\$13,150,994
2025			11,430	5,249	16,679	\$6,830,435
2026				5,249	5,249	\$1,966,348
Total	50,896	204,502	188,252	87,074	530,725	\$234,583,952

Table 50 shows the auctioned SRECs for energy years 2009, 2010, 2011, and 2012 as well as the total annual proceeds received from auctions by PSE&G so far. PSE&G has received approximately \$36 million in auction proceeds over the past three years. In addition, CEEEP estimated the value of remaining SRECs by subtracting the number of SRECs auctioned in Table 48 from the Total SRECs in Table 47 and multiplying by an SREC value of \$0, \$200, \$400, or the SACP. Table 48 shows that, depending on the price of SRECs over the next 10 years, the remaining proceeds of the SRECs RE solicited will range from \$0 to \$223 million.

Table 50: PSE&G Annual Auctioned SRECs, Total Auction Proceeds, and Remaining SREC Proceeds Scenarios

Energy Year	Number of Auctioned SRECs	Annual Auction Proceeds	Proceeds of Remaining SREC Scenarios			
			\$0 SREC	\$200 SREC	\$400 SREC	SACP
			(A)	(B)	(C)	(D)
2009	0	\$0	\$0	\$679,426	\$1,358,851	\$2,415,358
2010	4,152	\$2,849,048	\$0	\$2,608,426	\$5,216,851	\$9,038,195
2011	18,366	\$12,378,247	\$0	\$2,387,669	\$4,775,338	\$8,058,382
2012	59,027	\$20,960,918	\$0	\$4,527,942	\$9,055,885	\$14,896,930
2013			\$0	\$7,277,458	\$14,554,915	\$23,324,252
2014			\$0	\$7,277,458	\$14,554,915	\$22,742,055
2015			\$0	\$7,277,458	\$14,554,915	\$22,159,858
2016			\$0	\$7,277,458	\$14,554,915	\$21,614,049
2017			\$0	\$7,277,458	\$14,554,915	\$17,283,962
2018			\$0	\$7,277,458	\$14,554,915	\$16,847,314
2019			\$0	\$7,275,005	\$14,550,010	\$16,405,136
2020			\$0	\$7,176,893	\$14,353,786	\$15,789,164
2021			\$0	\$6,840,859	\$13,681,718	\$14,673,643
2022			\$0	\$6,674,069	\$13,348,138	\$13,948,804
2023			\$0	\$6,674,069	\$13,348,138	\$13,581,730
2024			\$0	\$5,997,096	\$11,994,192	\$11,904,236
2025			\$0	\$3,335,808	\$6,671,616	\$6,454,788
2026			\$0	\$1,049,798	\$2,099,597	\$1,978,870
TOTAL	81,545	\$36,188,213	\$0	\$89,835,924	\$179,671,840	\$223,322,866

Finally, Table 51 shows the net ratepayer refunds or payments as a result of RE’s Solar Long-term Contracting Program under the four different SREC price scenarios shown in Table 49. To determine whether the net ratepayer impact would be positive or negative, CEEEP used the equation [(Proceeds of Remaining SRECs)-(Auction Proceeds)-(Solicitation Obligations)]. At an SREC price equal to the SACP over the next 10 years, the program will show a ratepayer benefit of almost \$25 million. At a \$200 SREC price, the program will have a ratepayer deficit (or a negative ratepayer impact) of over \$108 million. In addition, CEEEP has calculated that the breakeven SREC price, or the price where the solicitation obligations will be equal to the SREC and auction proceeds, is \$475 per SREC for the Solar Loan I Program and \$356 per SREC for the Solar Loan II Program.

Table 51: Net Ratepayer Refund or Payment under Various SREC Price Scenarios

Energy Year	Annual Solicitation Obligations	Annual Auction Proceeds	\$0 SREC	\$200 SREC	\$400 SREC	SACP
	(E)	(F)	(A, Table 45)-(F)-(E)	(B, Table 45)-(F)-(E)	(C, Table 45)-(F)-(E)	(D, Table 45)-(F)-(E)
2009	\$1,613,636	\$0	(\$1,613,636)	(\$934,210)	(\$254,785)	\$801,722
2010	\$8,166,904	\$2,849,048	(\$5,317,856)	(\$2,709,431)	(\$101,005)	\$3,720,339
2011	\$13,777,224	\$12,378,247	(\$1,398,977)	\$988,692	\$3,376,360	\$6,659,405
2012	\$16,078,993	\$20,960,918	\$4,881,925	\$353,982	(\$4,173,960)	(\$10,015,006)
2013	\$16,078,993		(\$16,078,993)	(\$8,801,536)	(\$1,524,078)	\$7,245,258
2014	\$16,078,993		(\$16,078,993)	(\$8,801,536)	(\$1,524,078)	\$6,663,062
2015	\$16,078,993		(\$16,078,993)	(\$8,801,536)	(\$1,524,078)	\$6,080,865
2016	\$16,078,993		(\$16,078,993)	(\$8,801,536)	(\$1,524,078)	\$5,535,056
2017	\$16,078,993		(\$16,078,993)	(\$8,801,536)	(\$1,524,078)	\$1,204,969
2018	\$16,078,993		(\$16,078,993)	(\$8,801,536)	(\$1,524,078)	\$768,321
2019	\$16,073,168		(\$16,073,168)	(\$8,798,163)	(\$1,523,158)	\$331,968
2020	\$15,840,458		(\$15,840,458)	(\$8,663,566)	(\$1,486,673)	(\$51,294)
2021	\$15,094,225		(\$15,094,225)	(\$8,253,365)	(\$1,412,506)	(\$420,582)
2022	\$14,758,804		(\$14,758,804)	(\$8,084,735)	(\$1,410,667)	(\$810,000)
2023	\$14,758,804		(\$14,758,804)	(\$8,084,735)	(\$1,410,667)	(\$1,177,074)
2024	\$13,150,994		(\$13,150,994)	(\$7,153,898)	(\$1,156,802)	(\$1,246,758)
2025	\$6,830,435		(\$6,830,435)	(\$3,494,627)	(\$158,819)	(\$375,646)
2026	\$1,966,348		(\$1,966,348)	(\$916,550)	\$133,248	\$12,522
TOTAL	\$234,583,952	\$36,188,213	(\$198,395,739)	(\$108,559,819)	(\$18,723,899)	\$24,927,126

VII. PSE&G: Solar 4 All Program Analysis

PSE&G’s Solar 4 All is divided into two main initiatives – 40 MW of “neighborhood” solar and 40 MW of “centralized” solar. The “neighborhood” portion of the Solar 4 All program consists of smart solar units on utility poles in the more than 300 towns and cities that PSE&G serves. The “centralized” portion consists of large-scale solar installations on PSE&G property and negotiated lease arrangements to install solar systems on third party sites. Table 52 shows the total installed MWs for the various segments of the Solar 4 All program to date.

Table 52: Solar 4 All Installed MWs by Segment

Segment Name	Description	Total MWs Installed
1a	“Centralized” PSE&G owned sites	
1b	“Centralized” Third party owned sites	34.56
1c	“Centralized” Urban Enterprise Zones	5.4
2	“Neighborhood” Pole Top	40

In order to estimate the ratepayer exposure for Solar 4 All CEEEP determined the various costs and revenues associated with the program. The Solar 4 All program generates revenue from the sale of wholesale energy, wholesale capacity, and SRECs. The costs associated with the Solar 4 All program include capital costs, operation and maintenance costs, lease payments (if applicable), and the PSE&G cost of capital (11.8%).

First, CEEEP calculated the Levelized Revenue Cost of Electricity (LRCOE) for each segment of the program. The LRCOE was based on PSE&G’s revenue requirement model, which shows the revenue stream needed to recover all costs associated with the program, including the cost of capital. There were two cost scenarios provided by PSE&G: low and high. Table 53 shows the calculated LRCOE for each segment under the low cost scenario, high cost scenario, and the average. Under the Low Cost scenario, the LRCOE ranges from \$425/MWh to \$563/MWh. Under the High Cost scenario, the LRCOE ranges from \$479/MWh to \$699/MWh. Note that the LRCOE in Table 53 does not include revenues from the sale of wholesale energy, capacity, and SRECs.

Table 53: Levelized Revenue Cost of Energy (LRCOE) under Low and High Cost Scenarios (\$/MWh)

Segment Name	Description	Low Cost	High Cost	Average
1a + 1b	PSE&G and 3 rd Party Sites	\$424.90	\$478.65	\$451.77
1c	Urban Enterprise Zones	\$549.51	\$620.11	\$584.81
2	Pole Top	\$563.41	\$699.27	\$631.34

Table 54 shows the LRCOE when the wholesale energy, wholesale capacity and SREC revenues from 2008 to 2011 are subtracted. Depending on the segment size, the revenues account for between \$14.80/MWh and \$34.37/MWh of the LRCOE. The values in Table 54 can be considered the breakeven price. As stated earlier, if revenues exceed the breakeven prices, then ratepayers will receive a refund. Conversely, if revenues are below the breakeven prices, ratepayers pay the difference.

Table 54: LRCOE Net of 2008-2011 Energy, Capacity, and SRECs

Segment Name	Description	Low Cost	High Cost	Average	Decrease
1a + 1b	PSE&G and 3 rd Party Sites	\$410.10	\$463.86	\$436.98	\$14.80
1c	Urban Enterprise Zones	\$515.14	\$585.74	\$550.44	\$34.37
2	Pole Top	\$530.91	\$666.77	\$598.84	\$32.50

Table 55 shows some stylized examples (i.e. not actual values) of revenues and costs associated with the Solar for All program revenue stream. As is apparent in Table 55, the overall cost effectiveness of the Solar for All program is highly dependent on the prices of SRECs, energy and capacity.

Table 55: Stylized Scenarios of Revenues-Costs (\$/MWh)

\$/MWh	Scenario 1: Current Prices	Scenario 2: Historically High Prices	Scenario 3: High Wholesale/Low SRECs
Wholesale Energy Price	\$100	\$150	\$150
Capacity	\$20	\$50	\$50
SREC Value	\$200	\$400	\$200
LRCOE	\$500	\$500	\$500
Residual	(\$180)	\$100	(\$100)

Appendix A: Description of Process

This paper reviewed the various components of costs and revenues associated with the EDC Solar Long-term Contracting Program in a step-by-step manner to determine the ratepayer exposure associated with each program. This section details the process used to produce the information detailed in the sections above.

Data Collection

In September 2011 CEEEP staff began by reviewing a “Solar Review Matrix” (matrix) developed by the BPU and completed by the EDCs. The matrix gave a summary of New Jersey’s utility-supported solar programs in terms of program goals; number of megawatts of solar solicited, awarded, contracted and installed; the number of SRECs produced and auctioned and the revenues generated by that auction; and the various costs of each utility’s program.

After an initial review of the data provided in the BPU matrix, CEEEP met individually with staff from each utility and received more detailed information about each solicitation and auction from NERA Economic Consulting (NERA), the solicitation and auction manager. Through these individual consultations, CEEEP found that there were significant differences in how each utility completed the matrix and also that there were updates to the data that were needed given the amount of time that had elapsed since the matrix had originally been completed.

As a result, CEEEP drafted an updated matrix for the utilities to complete based on the information collected in the first matrix and the information needed for a complete analysis. After the BPU reviewed the updated matrix, it was distributed to each utility with detailed instructions.

Data Analysis

CEEEP separated the program costs into solicitation costs, auction costs, internal utility administrative costs and the SREC “Transaction Fee.”⁵⁹ In order to determine a total combined program cost per SREC that can be compared across EDCs, the solicitation costs, auction costs, and internal utility administrative costs were divided by the total SRECs contracted over the term of the awarded contracts for energy years 2010, 2011 and 2012. The number of contracted SRECs was used because it represents projects that are further down the project cycle (see Figure 2) and therefore represents a more realistic value for the EDC’s overall solicitation obligation.

The total SRECs contracted over the project term in energy years 2010-2012 was multiplied by the weighted average awarded solicitation bid price for that energy year based on the reported solicitation data to determine the total SRECs solicited in each energy year of the program. The incremental SREC solicitation was summed to determine the total SRECs produced and total solicitation obligations (the money the EDC is obligated to pay the solar producer for their SRECs over the term of the contract) over the project term (assumed to be ten years for all projects). CEEEP then estimated the value of remaining SRECs by subtracting the number of SRECs auctioned so far (auction data is only available for years 2010-2012 at this time) and multiplying by an SREC value of \$0, \$200, \$400 or the Solar Alternative

⁵⁹ The amount of the SREC Transaction fee is a set per SREC amount that is defined by the BPU in each EDC’s settlement.

Compliance Payment⁶⁰ (SACP). When these estimated proceeds are compared to the solicitation obligations under the different pricing scenarios, the ratepayer exposure is determined and a break-even price can be calculated. The break-even price is the SREC auction price at which the solicitation obligations for that EDC will be equal to the SREC and auction proceeds. At this price, there is no impact (neither positive nor negative) on the ratepayer.

Determining Ratepayer Exposure

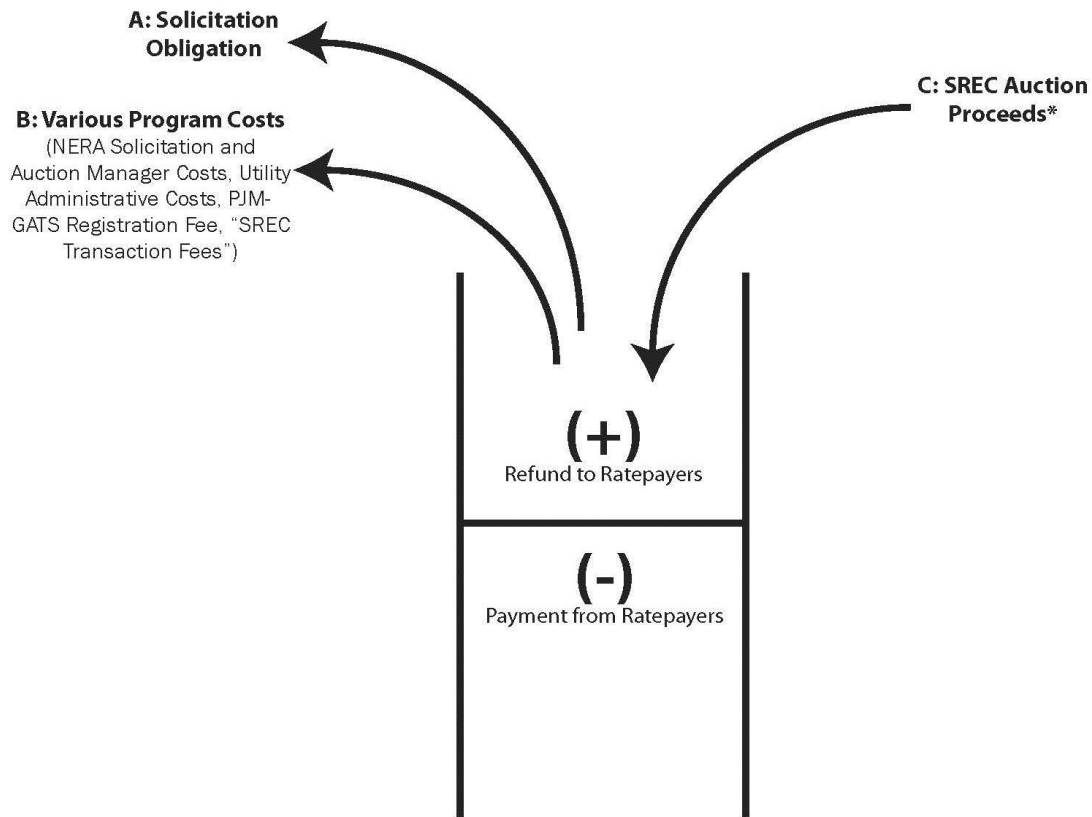
In addition to the total solicitation- and auction-related costs, CEEEP also estimated the net ratepayer refunds or payments related to the EDC Solar Long-term Contracting Programs. Figure 1 displays the various components used to calculate ratepayer exposure graphically.

First, there are costs due to the solicitation (A). These “Solicitation Obligations” are the summation of total SRECs contracted over the contract term multiplied by the SREC price awarded. Second, there are the various program costs (B) including NERA’s solicitation and auction management costs, internal utility administrative costs, and “SREC Transaction Fees.” Finally, there are SREC auction proceeds (C). These auction proceeds are difficult to estimate into the future because of the uncertainty of SREC costs in the future.

If the solicitation obligations and program costs exceed the auction proceeds then the ratepayer will make a payment. If the solicitation obligations and program costs are less than the auction proceeds then the ratepayer will receive a refund. In the corresponding calculations of ratepayer exposure above, ratepayer refunds are shown in black, positive numbers while ratepayer payments are shown in red, negative numbers. Figure 1 does not include any environmental benefits of solar, the impacts on the transmission and distribution system, or any other costs or benefits of solar other than those directly related to the EDC Solar Long-term Contract Program.

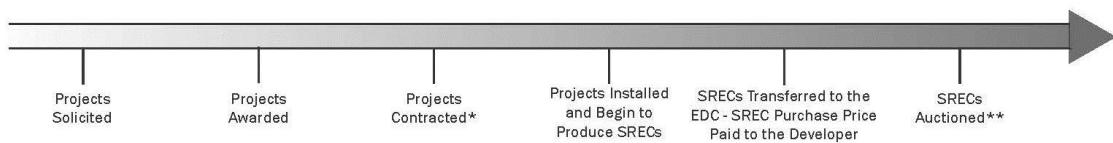
⁶⁰ See Appendix C for the full SACP schedule. Source: NJBPU.

Figure 1: Ratepayer Refunds or Payments Due to the EDC Solar Long-term Contracting Program



When considering this analysis, it is also important to note that there is a lag time between the solicitation and auction periods so that, in some cases, costs are expended before proceeds are received. There is also a lag time between when the projects are solicited and when SRECs are produced and auctioned. Figure 2 depicts graphically a timeline of the solicitation and auction process.

Figure 2: Typical Project Cycle Timeline



* Not all projects proceed to contracting or installation. A project may be disqualified for failing to follow proper procedures, failing to provide the required deposit or due to changes in the project.

** Proceeds from SRECs auctioned offset the ratepayer impact

Stakeholder Outreach

CEEEP shared the results of this analysis with important stakeholders, including the New Jersey Board of Public Utilities (BPU), the New Jersey Rate Counsel, all four of the EDCs analyzed, and the Solar Working Group during the months of January and February 2012. The meeting dates and participants are listed below.

Meeting Date	Meeting Participants
January 5, 2012	NJ BPU, Rate Counsel, EDCs
January 12, 2012	Solar Working Group
February 16, 2012	Solar Working Group

Appendix B: List of Sources

NERA SREC Auction Results

NERA Economic Consulting. "Previous Results." *Sale of Solar Renewable Energy Certificates (SRECs)*. <<http://solarrec-auction.com/index.cfm?s=background&p=previousResults>>.

NERA SREC Solicitation Results (Confidential Reports)

NERA Economic Consulting. "Recommendations from the Solicitation Manager: ACE and JCP&L SREC-Based Financing Program." September 23, 2009.

NERA Economic Consulting. "Recommendations of the Solicitation Manager: SREC-Based Financing Program, December 2009 Solicitation." January 14, 2010 (Corrected).

NERA Economic Consulting. "Recommendations of the Solicitation Manager: SREC-Based Financing Program, March 2010 Solicitation." April 9, 2010.

NERA Economic Consulting. "Recommendations of the Solicitation Manager: SREC-Based Financing Program, June 2010 Solicitation." July 19, 2010.

NERA Economic Consulting. "Recommendations of the Solicitation Manager: SREC-Based Financing Program, October 2010 Solicitation." November 15, 2010.

NERA Economic Consulting. "Recommendations of the Solicitation Manager: SREC-Based Financing Program, February 2011 Solicitation." March 18, 2011 (Corrected).

NERA Economic Consulting. "Recommendations of the Solicitation Manager: SREC-Based Financing Program, June 2011 Solicitation." July 1, 2011.

NERA Economic Consulting. "Recommendations of the Solicitation Manager: SREC-Based Financing Program, September 2011 Solicitation." October 3, 2011.

NJ BPU Board Orders Approving Results from Solicitations

"Board Order Approving Results of the First Solicitation." 30 September 2009. *SREC-Based Financing Program*. <http://njedcsolar.com/assets/files/ACE-JCP&L_Board_Press_Release_Approving_Results_20090930b.pdf>.

"Board Order Approving Results from the Second Solicitation." *SREC-Based Financing Program*. January 21, 2010. <http://njedcsolar.com/assets/files/NJEDCSolar_Board_Order_Approving_Results_1-20-10-2I.pdf>.

"Board Order Approving Results of the Third Solicitation." *SREC-Based Financing Program*. April 28, 2010. <http://njedcsolar.com/assets/files/NJEDCSolar_Board_Order_Approving_Results_4-28-10-2B.pdf>.

"Board Order Approving Results of the Fourth Solicitation." *SREC-Based Financing Program*. August 12, 2010. <http://njedcsolar.com/assets/files/NJEDCSolar_Board_Order_Approving_Results_8-12-10-2C.pdf>.

"Board Order Approving Results of the Fifth Solicitation." *SREC-Based Financing Program*. January 3, 2011. <http://njedcsolar.com/assets/files/NJEDCSolar_Board_Order_Approving_Results_12-16-10-2A.pdf>.

"Board Order Approving Results of the Sixth Solicitation." *SREC-Based Financing Program*. March 30, 2011. <http://njedcsolar.com/assets/files/NJEDCSolar_Board_Order_Approving_Results_3-30-11-2J.pdf>.

"Board Order Approving Results of the Seventh Solicitation." *SREC-Based Financing Program*. July 14, 2011. <http://njedcsolar.com/assets/files/NJEDCSolar_Board_Order_Approving_Results_7-14-11-2C.pdf>.

"Board Order Approving Results of the Eighth Solicitation." *SREC-Based Financing Program*. November 9, 2011. <http://njedcsolar.com/assets/files/ACE-JCP&L_Board_Order_Approving_Results_11-9-11-2C.pdf>.

NJ BPU Board Orders Related to the SREC-Based Financing Program

"I/M/O the Renewable Energy Portfolio Standard: Amendments to the Minimum Filing Requirements for Energy Efficiency, Renewable Energy, and Conservation Programs, and for Electric Distribution Company Submittals of Filings in Connections with Solar Financing." *New Jersey Board of Public Utilities*. July 30, 2008. <<http://www.state.nj.us/bpu/pdf/boardorders/2008/7-30-08-8E.pdf>>.

"I/M/O the Renewable Energy Portfolio Standards - Alternative Compliance Payments and Solar Alternative Compliance Payments (Docket No. EO06100744)." *New Jersey Board of Public Utilities*. December 9, 2007. <<http://www.state.nj.us/bpu/pdf/boardorders/9-12-07-8E.pdf>>.

NJ BPU Board Orders Related to RE's SREC-Based Financing Program

RE Board Order: "I/M/O the Verified Petition of the Rockland Electric Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1 (Docket No. EO09020097)." *SREC-Based Financing Program*. July 29, 2009. <[http://njedcsolar.com/assets/files/RE Board Order 7-29-09-2K.pdf](http://njedcsolar.com/assets/files/RE_Board_Order_7-29-09-2K.pdf)>.

RE Final Stipulation: "I/M/O the Verified Petition of the Rockland Electric Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1 (Docket No. EO09020097)." *SREC-Based Financing Program*. July 24, 2009. <[http://njedcsolar.com/assets/files/RE Stipulation Final 07-24-2009.pdf](http://njedcsolar.com/assets/files/RE_Stipulation_Final_07-24-2009.pdf)>.

NJ BPU Board Orders Related to ACE and JCP&L's SREC-Based Financing Program

"I/M/O Atlantic City Electric Company Renewable Energy Portfolio Standard - Amendments to the Minimum Filing Requirements for Energy Efficiency, Renewable Energy, and Conservation Programs, and for Electric Distribution Company Submittals of Filings in Connections with Solar Financing (Docket No. EO08100875)." *New Jersey Board of Public Utilities*. March 27, 2009. <<http://www.nj.gov/bpu/pdf/boardorders/2009/3-27-09-8A.pdf>>.

"I/M/O the Verified Petition of Jersey Central Power and Light Company Concerning a Proposal for an SREC-Based Financing Program under N.J.S.A. 48:3-98.1." (Docket No. EO08090840)." *New Jersey Board of Public Utilities*. March 27, 2009. <<http://www.nj.gov/bpu/pdf/boardorders/2009/3-27-09-8A.pdf>>.

NJ BPU Board Orders Related to PSE&G's Solar Financing Programs

Solar Loan I: "I/M/O the Petition of Public Service Electric and Gas Company for approval of a Solar Energy Program and an Associated Cost Recovery Mechanism (Docket No. EO07040278)." *New Jersey Board of Public Utilities*. November 7, 2008. <<http://www.state.nj.us/bpu/pdf/boardorders/11-7-08-2D.pdf>>.

Solar Loan II: "I/M/O Petition of Public Service Electric and Gas Company for Approval of a Solar Loan II Program and an Associated Cost Recovery Mechanism (Docket No. EO09030249)." *New Jersey Board of Public Utilities*. November 10, 2009. <<http://www.nj.gov/bpu/pdf/boardorders/2009/11-10-09-2D.pdf>>.

Solar 4 All: "I/M/O Petition of Public Service Electric and Gas Company for Approval of a Solar Generation Investment Program and an Associated Cost Recovery Mechanism (Docket No. EO09020125)." *New Jersey Board of Public Utilities*. July 29, 2009. <<http://www.nj.gov/bpu/pdf/boardorders/2009/7-29-09-2M.pdf>>.

Appendix C: Solar Alternative Compliance Payment (SACP) Schedule

Energy Year	SACP (\$/MWh)
2010	\$693
2011	\$675
2012	\$658
2013	\$641
2014	\$625
2015	\$609
2016	\$594
2017	\$475
2018	\$463
2019	\$451
2020	\$440
2021	\$429
2022	\$418
2023	\$407
2024	\$397
2025	\$387
2026	\$377

Source for 2010-2016 SACP Schedule: “I/M/O the Renewable Energy Portfolio Standards – Alternative Compliance Payments and Solar Alternative Compliance Payments (Docket No. EO06100744).” *New Jersey Board of Public Utilities*. September 12, 2007.

Source for Proposed 2017-2026 SACP Schedule: “I/M/O the Fifteen Year Solar Alternative Compliance Payment Schedule in the New Jersey Renewable Portfolio Standard (Docket No. EO11090527V).” *New Jersey Board of Public Utilities*. September 21, 2011.