Deborah Petrisko

From:	Lembo, Constance E. [Constance.Lembo@pseg.com]
Sent:	Friday, March 16, 2012 2:33 PM
To:	publiccomments@njcleanenergy.com
Subject:	2012-03-16 - Solar Transition Work Group - PSE&G Comments - OCE Staff Straw
Attachments:	2012-03-16 PSEG comments - Solar Transitiion Workgroup.docx

BEING SENT ON BEHALF OF MATTHEW M. WEISSMAN, ESQ.

Attached please find PSE&G Comments on the OCE Staff Straw dated March 6, 2012.

Connie Lembo

Senior Administrative Assistant
Law Department
Regulatory Group - T5
(973) 430-6273
constance.lembo@pseg.com

Comments of
Public Service Electric and Gas Company (PSE&G)

on the

Solar Transition Workgroup
Solar Transition – Next Steps
EDC SREC Programs – Revised Solar RPS
OCE Staff Straw dated March 6, 2012

BPU Review of Solar Programs
BPU Docket No. EO11050311V
March 16, 2012

Pursuant to the request of the Office of Clean Energy ("OCE"), Public Service Electric and Gas Company ("PSE&G") respectfully submits the following comments on the OCE Staff Straw proposal ("Proposal") dated March 6, 2012.

PSE&G thanks and congratulates the OCE staff for its effective leadership and conduct of this Workgroup's efforts. Amid substantial market and technological change and uncertainty, the OCE has solicited the input of a wide range of stakeholders, thoughtfully considered that input, and through the Proposal has attempted to balance the numerous, mostly competing, interests that have been presented. We believe the staff has succeeded in many respects.

Generally, the staff's recommendations, including the recommendation to extend the EDC SREC programs by 120 MW over 3 years, are consistent with the solar energy goals of the State's Energy Master Plan ("EMP"). Current market conditions notwithstanding, the solar industry in New Jersey is still prone to extreme business cycles that could result in a period of little new development due to the expiration of tax credits, declining SREC prices, and other factors that might impact this new industry. Were that to occur, and no mechanisms such as the EDC SREC programs (Long Term SREC Contracts, Solar4All and Solar Loan) were put in place to stabilize and support solar industry participants, the industry might suffer irreparable harm. This would undermine one of the "overarching goals" of the EMP, that is, continued support for the RPS standard of 22.5% of energy from renewable sources by 2021. Indeed, the EMP expressly recognizes that "subsidies are required to grow the renewable industry in New Jersey on a fast track <u>in accord with New Jersey's aggressive renewable energy goals</u>."[1]

[1] EMP, at 86, n.95 (emphasis added). The EMP also expressly calls for the promotion of "a diverse portfolio of new, clean, in-State generation", and for the State to capitalize on "emerging technologies for . . . power production".

PSE&G particularly supports staff's recommendations to create a set aside for grid supply projects such as landfills and brownfields, and to permit EDCs to file SREC programs "for different market segments." As we have noted throughout this Working Group proceeding, PSE&G's Solar 4 All program, through its many partnerships with solar developers, has expanded solar beyond traditionally successful market segments to underserved markets that are important from a public policy perspective, such as landfills, brownfields and governmental facilities. Indeed, as of the time the EMP was released, public schools and governmental facilities represented only 11% of installed solar capacity while the commercial and residential sector, which has traditionally been the focus of the solar development community, had 85% of the installed base.

PSE&G also supports the Staff's recommendation to delay increasing the solar energy obligation until 2016. This is consistent with many of the comments received, including our own, requesting that any increase in the solar energy obligation respect the BGS auction process.

Additionally, PSE&G would caution staff against moving too quickly in attempting to wean the solar industry from subsidies by changing the nature and duration of EDC program elements. Reducing the timeframe of the solar loan and long term contracting programs from 15 years to 10 years and then to 7 years, and then imposing all EDC administrative and processing costs on the solar developer or generation customer, may be too much too soon and may have the unintended consequence of putting upward pressure on SREC floor or contract prices. Given current and projected SREC price uncertainty, this may not be in the best interest of ratepayers. However, PSE&G understands the Board's desire to lower the burden of the solar programs on ratepayers, and will work with the Board to find the proper balance between program support and reducing the financial burden to ratepayers.

The Proposal recommends that the anticipated RPS rule revisions include the reduction of the SREC qualification life from 15 years to 10 years for new projects (presumably starting in EY 2016) and then establish a decreasing qualification life through EY 2027. The current proceeding is charged with addressing whether the EDC SREC financing programs should be continued and identifying actions to address the currently long SREC market. PSE&G believes that the recommendation to shorten the SREC qualification life has significant implications beyond the scope of this proceeding and should be addressed in a more global forum such as the Fifteen Year Solar Alternate Compliance Payment Schedule in the New Jersey Renewable Portfolio Standard proceeding.

Finally, OCE requested that the EDCs submit positions on their intentions to file or not file an extended EDC SREC program. PSE&G, subject to internal approvals, intends to file to extend its SREC programs (Solar 4 All for grid connected projects and Solar Loan for net-metered projects) and assume its full share of the statewide capacity allocation based on retail sales. Additionally, in order to meet the full EDC capacity allocation, PSE&G is willing to discuss assuming additional capacity that is not requested by the other EDCs .

Respectfully submitted,

Public Service Electric and Gas Company

Jodi L. Moskowitz

By: Jodi L. Moskowitz

Jodi L. Moskowitz, Esq.
General Regulatory Counsel –
Operations and Compliance
PSEG Services Corporation
80 Park Plaza, T5C
Newark, NJ 07102
(973) 430-6409
Jodi.Moskowitz@PSEG.com
Dated: March 15, 2012
Newark, New Jersey

Matthew M. Weissman, Esq.
General Regulatory Counsel –
Rates
PSEG Services Corporation
80 Park Plaza, T5C
Newark, NJ 07102
(973) 430-7052
Matthew.Weissman@PSEG.com
Dated: March 15, 2012
Newark, New Jersey

Deborah Petrisko

From:	Michael F. Cerra [MCerra@njslom.com]
Sent:	Friday, March 16, 2012 2:46 PM
To:	publiccomments@njcleanenergy.com
Cc:	Mayor Janice Mironov
Subject:	Comments NJBPU Staff Straw - Solar

March 16, 2012

RE: Solar Transition Workgroup, "Straw" Proposal

We appreciate the opportunity to comment in advance of the March 22 public hearing regarding the BPU Solar Transition Group's "straw" proposal. The League of Municipalities and its 566 member municipalities are fully committed to moving New Jersey toward an energy system that is stable, renewable and efficient. The League and local leaders applaud efforts to promote renewable energy sources and to reduce costs, while honoring local planning and zoning discretion.

The League supports the expressed policy of the Governor's Energy Master Plan to focus solar projects toward rooftops of our many shopping centers, warehouses, office complexes, etc., as well as carports and commercial, landfill and brownfield sites. Further, the League strongly supports the Administration's position that it will not subsidize the loss of productive farmland and open space for renewable energy projects. Public policy and public funding programs should not support or incentivize the removal of productive farmland to be replaced by grid-connected solar panel arrays.

To further this goal, municipalities require the greatest flexibility under the municipal land use law (MLUL) to preserve agricultural uses, and to allow for such projects where appropriate, generally in commercial and industrial areas.

We also note that a number of public entities, municipal governments, utility authorities, school districts, have installed solar arrays to reduce public operating costs and help green our environment, these projects also are an important priority to support.

To the extent that the straw proposal promotes, encourages and incentivizes solar projects where they belong on shopping centers, warehouses, office complexes, carports and commercial, landfill and brownfield sites, and results in diminished or elimination of allowances for grid-connected projects on farmland and open space, we support this direction.

We would strongly encourage this remain a top legislative and regulatory priority. The League looks forward to continuing its role in the workgroup and would appreciate consideration of our comments.

Very truly yours,

William G. Dressel, Jr.
Executive Director

Michael F. Cerra,
Senior Legislative Analyst
NJ League of Municipalities
222 West State Street
Trenton, NJ 08608
(609) 695-3481 x120

(609) 695-0151--Fax
mcerra@njslom.com

Deborah Petrisko

From:	Eisenstark, Gregory [geisenstark@morganlewis.com]
Sent:	Friday, March 16, 2012 2:53 PM
To:	publiccomments@njcleanenergy.com
Cc:	Winka, M
Subject:	Comments NJBPU Staff Straw - Solar
Attachments:	(69364984)_(1)_JCP&L Comments on Staff_s Straw Proposal - Solar Transition.PDF

Attached are Jersey Central Power & Light Company's comments on Board Staff's Straw Proposal.

Gregory Eisenstark
Morgan, Lewis & Bockius LLP
89 Headquarters Plaza North, Suite 1419 | Morristown, NJ 07960
Direct: 973.993.3134 | Fax: 1.877.432.9652
Princeton: 609.919.3134
geisenstark@morganlewis.com | www.morganlewis.com
Assistant: Joyce Wong | 609.919.6649 | jwong@morganlewis.com

JERSEY CENTRAL POWER & LIGHT COMPANY

Comments on Office of Clean Energy Staff's Straw Proposal dated March 6, 2012 in the Solar Transition Working Group

March 16, 2012

Introduction

Jersey Central Power & Light Company ("JCP&L") is pleased to submit these comments on the Board of Public Utilities ("Board" or "BPU") Staff's Straw Proposal dated March 6, 2012 in the above-referenced stakeholder process.

Staff's Straw Proposal contains eighteen recommendations for a new round of electric distribution company ("EDC") solar renewable energy credit ("SREC") financing programs ("EDC SREC Programs"). As a general matter, Board Staff's Straw Proposal is well thought out and, with some modifications, JCP&L would not object to Staff recommending it to the Board. JCP&L's comments and suggested modifications to the Straw Proposal follow; the numbers correspond to the numbered recommendations in the Straw Proposal.

Discussion

1. The original intent of the EDC SREC programs was to help "jump-start" the solar industry by providing a means by which projects could receive financing. That goal was achieved. The apparent objective of the Straw Proposal is to cultivate solar construction activity in light of assertions about impacts from the reduction in SREC prices due to an allegedly "oversupplied" solar market (at least in the near-term in relation to the current solar Renewable Portfolio Standards ("RPS") requirements). JCP&L cautions against providing ongoing subsidies that are not necessary to reach near-term RPS obligations. As Board Staff has repeatedly stated during the Solar Transition stakeholder group meetings, the State's long-term goal is to transition to a fully-competitive, non-subsidized solar market. Any additional EDC

SREC Programs should be conservatively sized to ensure that such a transition occurs. Therefore, if the Board determines that new EDC SREC Programs are warranted, Staff's recommended 120 MW (statewide) should be the maximum size. In addition, any new EDC SREC Program capacity should be achieved via acceleration of the solar RPS, rather than through an increase.

3. JCP&L expects that, in any filing it may make with the Board for approval of a new SREC Program, it would propose an appropriate cost recovery mechanism, including an appropriate SREC transaction fee. In addition, JCP&L would propose a number of minor adjustments to program requirements that will serve to streamline processes for both project developers and the EDCs, as well as reduce costs.

6. JCP&L supports Staff's requirement that any EDC programs be structured to be competitive, transparent, and seek to provide the lowest available SREC prices.

7. Item number seven in the Straw Proposal requires clarification. Under the RGGI legislation, an EDC only may offer renewable energy programs within its own service territory. N.J.S.A. 48:3-98.1. Accordingly, Staff should clarify that while any "reallocation" of capacity from one EDC to another could result in a larger percentage of total EDC SREC Program capacity being installed in certain EDCs' service territories than would otherwise be the case based on a "retail sales" allocation of capacity, it could not cause the implementation of one EDC's SREC Program in another EDC's service territory. JCP&L would object to an allocation methodology that resulted in it receiving an allocation greater than its "retail sales" allocation of capacity.

8. JCP&L does not object to Staff's proposed set aside within an EDC SREC program for grid supply projects on landfills or brownfields. As discussed during the March 8, 2012

stakeholder meeting, Staff should clarify the Straw Proposal to state that this would be a voluntary set aside, whereby each EDC would determine whether, and to what extent, to propose such a set aside if it files a petition for approval of its Program.

9. If grid supply projects are eligible under the criteria outlined in item eight, JCP&L fully agrees that such projects be located only in areas that can be supported by the distribution system. However, the Straw Proposal is silent as to whether it assumes the inclusion of any project-funded system upgrades that would be required.

10. JCP&L objects to the maximum project size only being limited by the net metering limit (i.e., no size limit except the restriction that the project must be sized such that the project does not generate energy in excess of the customer's annual consumption). The EDC SREC programs initially had a project size limit of 500 kW, which was later increased to 2 MW. The program was designed to assist in underserved markets in which a moderate project size was unable to access the capital markets for financing. There was no evidence presented during the stakeholder meetings to indicate that larger projects are unable to secure financing outside EDC programs. Further, as Staff is aware, net metering gives rise to cross-subsidization of distribution costs among customers and customer classes, and the size of net metered projects should be limited to moderate the impacts of these subsidies. Therefore, JCP&L proposes to maintain the 2MW size limit on net-metered projects within the EDC SREC Programs.

12. JCP&L proposes that there be no specific set-aside for residential and small business segments. Past experience has shown that small projects have been able to effectively compete with larger projects based on price.

13. JCP&L supports full and timely recovery of an EDC's Program costs, including but not limited to, administrative costs and the differential between the SREC purchase price and the

subsequent SREC sales prices, as well an appropriate SREC transaction fee and/or rate of return. While JCP&L would not be opposed to the concept of recovering these costs from the solar developers and/or customer-generators, the Straw Proposal does not contain a proposed mechanism for doing so. More detail on the structure of such a recovery mechanism is necessary before JCP&L could fully support this concept. While JCP&L supports the concept that the solar participants be responsible for the costs of the program from which they benefit, such a cost recovery scheme is likely to increase risk for the EDCs. Therefore, JCP&L suggests that Staff modify the Straw Proposal to state that all EDC costs, fees and returns associated with the SREC Program would be recovered in the first instance from the developer and/or customer-generator, but that the EDC's RGGI recovery clause would be a backstop cost recovery mechanism should cost recovery from developers/customer-generators be unsuccessful (e.g., in the case of a default or bankruptcy of the developer/customer-generator, or if it is otherwise impossible to recover certain costs from the developer/customer-generator).

14. If JCP&L would be required to purchase SRECs starting in energy year 2013 or 2014, but would not be able to sell them until energy year 2016, it would need to recover carrying costs for holding purchased SRECs in inventory for up to 3 years before being allowed to sell them in the market. These carrying costs should be recovered through the cost-recovery mechanism for the Program. If the SREC purchase costs are recovered through the RGGI clause, the EDC would accrue interest on the balance at the current interest rate for the clause.

SREC Banking

Currently, an SREC can be used for compliance during the energy year in which it was generated or the following two energy years (as of July 1, 2010, the effective date of A-3520). This will be a problem if the EDCs are required to hold SRECs from an SREC Program until selling them in energy year 2016. Under the current law, SRECs generated during energy year 2013 would not be able to be used, and have zero value in 2016. Those generated in energy year 2014 and the future would have reduced value. Consideration should be given to allow special banking provisions such that all SRECs generated from new EDC Programs prior to 2016 can be used in the 2016 energy year, plus the following two years (2017 and 2018).

15 and 16. There is no specific information provided in the Straw Proposal regarding the contemplated regulatory changes to the solar RPS requirements. Staff should include more detail in the Straw Proposal to clarify what RPS rule amendments it contemplates for energy year 2016. In addition, it is not clear whether the anticipated RPS amendments would be for an acceleration of solar RPS requirements or an absolute increase. JCP&L recommends that any such solar RPS amendments be an acceleration of solar RPS requirements, with a corresponding reduction in the requirements for later years. An acceleration, rather than an increase, would help mitigate cost impacts on utility customers.

17. JCP&L supports Staff's proposed reduction in the SREC qualification life for new solar projects to 10 years. Essentially all SREC contracts in the current program have been for 10 year terms, which indicates that projects can reasonably achieve their desired project internal rate of return within that time frame.

Conclusion

JCP&L appreciates the opportunity to comment on Staff's Straw Proposal and looks forward to continuing discussions with the stakeholders. JCP&L does recommend that Staff circulate a revised version of the Straw Proposal for stakeholder review prior to moving its recommendations to a Board agenda meeting.

State of New Jersey
DIVISION OF RATE COUNSEL
31 CLINTON STREET, 11TH FL
P. O. BOX 46005
NEWARK, NEW JERSEY 07101

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

March 16, 2012

By Overnight Delivery Service
Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: Staff's Extended EDC SREC Program – Straw Proposal, Dated March 6, 2012

Dear Secretary Izzo:

Please accept for filing an original and ten copies of Comments submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") concerning the above-referenced matter. Rate Counsel reserves its right to submit further comments as additional information and data are provided over the course of this proceeding. Enclosed is one additional copy. Please date stamp the copy as "filed" and return to us in the enclosed self-addressed, stamped envelope.

Tel: (973) 648-2690 • Fax: (973) 624-1047 • Fax: (973) 648-2193
http://www.state.nj.us/publicadvocate/utility E-Mail: njratepayer@rpa.state.nj.us

Thank you for your consideration and attention to this matter.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: /s/*Sarah H. Steindel, Esq.*
Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel

c: publiccomments@njcleanenergy.com
renewables@njcep.com
solartransition@njcleanenergy.com
OCE@bpu.state.nj.us
Mike Winka, BPU - (electronic only)
Mona Mosser, BPU - (electronic only)
Benjamin Hunter, BPU - (electronic only)
Anne Marie McShea, BPU - (electronic only)
Rachel Boylan, BPU - (electronic only)
Mary Beth Brenner, BPU - (electronic only)
Marisa Slaten, DAG - (electronic only)

New Jersey Rate Counsel Comments on OCE's Solar Transition Straw Proposal

March 16, 2012

Introduction

The New Jersey Division of Rate Counsel ("Rate Counsel") appreciates the opportunity to provide comments on the draft "Straw Proposal" submitted by the Office of Clean Energy ("OCE") to stakeholders on March 6, 2012.

Rate Counsel generally supports the Straw Proposal that has been offered by the OCE on a conceptual basis. Rate Counsel's support, at this time, is preliminary and contingent upon further analysis, specifically, the analysis of the potential rate impacts of this proposal. Rate Counsel's support is also contingent upon the review of specific input from other parties, particularly the Electric Distribution Companies ("EDCs"). Further, Rate Counsel's support is premised on the entire set of underlying proposals outlined in the Straw Proposal. Changes in any of these provisions could lead to a change in Rate Counsel's overall position on this matter.

Rate Counsel offers the following comments on each of the straw proposal recommendations below.

Response to Straw Recommendation Details

1. The total capacity of the extended EDC solar renewable energy certificate ("SREC") programs would be 120 MW over 3 years.

Rate Counsel Position:
Rate Counsel can agree with this recommendation provided other provisions of the Straw Proposal are preserved.

2. The total capacity would be divided up among the 4 EDC based on retail sales.

Rate Counsel Position:
Rate Counsel can agree with this recommendation provided other provisions of the Straw Proposal are preserved.

3. EDCs will be requested to submit a new filing.

Rate Counsel Position:
Rate Counsel is agreeable to this proposal but recommends that EDCs file letter of intent within 30 days of Board Order on this matter in order to clarify the amount of available

program capacity discussed in OCE straw recommendation number 7 (see Rate Counsel position below). Further, OCE should clarify that all filings should be in accordance with the minimum filing standards established by the Board for filings under the RGGI law, N.J.S.A. 48:3-98.1.

4. EDCs can file for a loan program, solicitation or both.

Rate Counsel Position:
Rate Counsel is agreeable to these terms provided the conditions outlined in OCE straw recommendation number 13 are maintained. Rate Counsel's position on this particular issue may change if OCE straw recommendation number 13 is changed or modified.

5. The timeframe of the loan or solicitation shall be 10 years decreasing in years over the 3 year program.

Rate Counsel Position:
Rate Counsel is agreeable to this provision provided the ramp-down in qualification lives minimizes rate impacts, is consistent with OCE straw recommendation number 17, and includes meaningful reductions in the solar alternative compliance payment ("SACP") outlined in OCE straw recommendation number 18.

6. The loan or solicitation process shall be developed to provide for the lowest achievable and available cost within the market segments on a "competitive" basis that tracks the market rate and not a set floor price.

Rate Counsel Position:
Rate Counsel is agreeable to this provision provided loan-based program solicitations are rank-ordered on a least-cost basis; in other words, if a loan-based program has more applicants than capacity allowed under the program (i.e., oversubscribed), EDCs should seek to fund the lower cost projects first, and the higher cost projects last. Rate Counsel can agree that the rank-ordering can be segmented within set aside classes, provided other provisions of the Straw Proposals are preserved.

7. Any capacity not requested by an EDC can be allocated to the remaining EDC if requested.

Rate Counsel Position:
Rate Counsel is agreeable with this provision provided this is not an "open-ended" opportunity. The letters of intent, referenced in Rate Counsel's recommendation in Item 3 above, should indicate each EDCs' program preference (i.e., loan, long-term contract, or combination) and program size. Total program capacity (across all EDCs) will be locked at the time of the last approved EDC program and no additional future requests

shall be made unless, or until, the Board has made a finding that additional market support is needed and in the public interest.

8. The extended EDC SREC programs are for net metered projects except for a set aside for grid supply projects for landfills or brownfields.

Rate Counsel Position:
Rate Counsel can agree with this recommendation provided other provisions of the Straw Proposal are preserved.

9. All grid supply projects on landfill or brownfields shall be in areas that can be supported by the distribution system.

Rate Counsel Position:
Agreeable although OCE is going to need to provide a definition of "areas that can be supported."

10. The limit on the size of the projects would be based on the net metering limit.

Rate Counsel Position:
Rate Counsel can agree with this recommendation provided other provisions of the Straw Proposal are preserved.

11. The extended EDC SREC programs can be filed by the EDCs for different market segments or allocated based on size.

Rate Counsel Position:
While Rate Counsel generally opposes set-asides and preferences for renewable programs, it will not object to this recommendation provided other provisions of the Straw Proposal are preserved. Rate Counsel requests that future versions of the OCE Straw Proposal offer some preliminary percentages

12. There would be a set aside for residential and small businesses market segments.

Rate Counsel Position:
While Rate Counsel generally opposes set-asides and preferences for renewable programs, it will not object to this recommendation provided other provisions of the Straw Proposal are preserved. Rate Counsel requests that future versions of the OCE Straw Proposal offer preliminary percentages on these potential set-asides. Rate Counsel reserves the right to change its position on this matter if the percentages are set at levels that may result in unnecessary rate impacts.

Rate Counsel also recommends that un-filled set-asides be allowed to expire. Un-filled set asides should not be transferable to other market segments or later periods of time. In other words, if future loan programs have no participation in regularly schedule solicitations, those unfilled capacity amounts should not be left open and bundled with later period solicitations, nor should they be transferred to any other market set-aside. Rate Counsel makes this recommendation in an attempt to avoid past experiences in the solar loan program, and EDC long term contracting programs, which saw repeated requests to move, defer, and/or transfer set-aside capacities that went unfilled.

13. All EDC costs for developing, implementing and managing the extended EDC SREC program including all SREC transition fees, all loan serving fees, any fees associated with the EDC weighed average cost of capital, and all administrative fees would be paid for by the solar developer or the generation customer.

Rate Counsel Position:

Rate Counsel strongly supports this provision and believes it to be a key component of the OCE Straw Proposal. Any change or modification to this proposal may change Rate Counsel's positions on other provisions, if not the entire Straw Proposal.

Loan-based programs should rank-order solicitations based upon cost, with least-cost installations receiving first call to loans, and with increasing cost projects funded with remaining funds. These can be rank-ordered by size or customer type.

OCE needs to clarify who bears the risk associated with SREC revenue auctions and their ability/inability to cover program costs. For instance, if the SRECs sold from a loan program do not generate enough revenues to cover the loan payments, which party (EDC, developer, ratepayer) bears the recovery risk of these differences. If these risks are proposed to be borne by solar developers, then OCE needs to clarify how true-ups associated with these differences will arise.

14. The SREC generated by the extended EDC SREC program will be available for sale in a centralized auction in EY 2016.

Rate Counsel Position:

Rate Counsel can agree with this recommendation provided other provisions of the Straw Proposal are preserved.

15. The sale of these additional SRECs will be timed to minimize the additional impact in the market and will be addressed through a solar Renewable Portfolio Standard ("RPS") rule amendment.

Rate Counsel Position:

Rate Counsel is agreeable to this provision provided the timing of offering these additional SRECs is not overly burdened by attempts to unduly manage market outcomes, through the creation of differing qualification lives for differing solar installation sizes, or other mechanisms that may lead to unnecessary increases in SREC prices and ratepayer costs.

16. The additional capacity of the extended EDC SREC programs will be reflected in the solar RPS regulatory amendments that will be effective in EY 2016.

Rate Counsel Position:

Rate Counsel can agree with this recommendation provided other provisions of the Straw Proposal are preserved.

17. The solar RPS rule revisions will include a reduction of the SREC qualification life to 10 years for new projects and establish a decreasing trend for the qualification life through EY 2027.

Rate Counsel Position:

Rate Counsel is generally agreeable with this provision provided the timing for reducing future qualification lives is not overly burdened by attempts to unduly manage market outcomes, through the creation of differing qualification lives for differing solar installation sizes, or other mechanisms that may lead to unnecessary increases in SREC prices and ratepayer costs.

18. Board staff with CEEEP will develop a revised SACP schedule for EY 2017 to EY 2026 to reflect lower solar installation costs.

Rate Counsel Position:

Rate Counsel is agreeable to this provision, but reserves its rights to argue positions with regard to future SACP revisions as a member of the SACP Advisory Committee.

BEVAN, MOSCA, GIUDITTA & ZARILLO, P.C.
ATTORNEYS AT LAW

222 Mount Airy Road, Suite 200
Basking Ridge, NJ 07920
Phone: (908) 753-8300
Fax: (908) 753-8301
www.bmgzlaw.com

MURRAY E. BEVAN
mbevan@bmgzlaw.com

March 16, 2012

VIA ELECTRONIC AND REGULAR MAIL

Michael Winka
Director, Office of Clean Energy
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
m.winka@bpu.state.nj.us

Re: ***RESA Comments regarding EDC SREC Programs—Revised Solar RPS OCE Staff Straw Proposal***

Dear Director Winka:

On behalf of the Retail Energy Supply Association ("RESA"),[1] a diverse group of competitive third party energy suppliers, I am writing in response to your request for comments on the Office of Clean Energy ("OCE") Staff Straw Proposal ("Straw Proposal") regarding the EDC-SREC Programs—Revised Solar RPS, which was released to the Solar Transition Working Group ("Working Group") on March 6, 2012. While RESA takes no position on the majority of recommendations included in the Straw Proposal, RESA wishes to express its wholehearted support for the recommendation that any "additional capacity of the extended EDC SREC programs will be reflected in the solar RPS regulatory amendments that will be effective in EY

[1] RESA's members include: Champion Energy Services, LLC; ConEdison *Solutions*; Constellation NewEnergy, Inc.; Direct Energy Services, LLC; Energetix, Inc.; Energy Plus Holdings LLC; Exelon Energy Company; GDF SUEZ Energy Resources NA, Inc.; Green Mountain Energy Company; Hess Corporation; Integrys Energy Services, Inc.; Just Energy; Liberty Power; MC Squared Energy Services, LLC; Mint Energy, LLC; NextEra Energy Services; Noble Americas Energy Solutions LLC; PPL EnergyPlus, LLC; Reliant; TransCanada Power Marketing Ltd. and TriEagle Energy, L.P.. The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of RESA.

2016." Regardless of whether the current version or a modified version of the Straw Proposal is ultimately included in OCE Staff's proposal to the Board of Public Utilities' ("Board") Commissioners at the May agenda meeting, RESA urges OCE Staff to include this provision in such proposal.

As an active participant in the Working Group process, RESA consistently emphasized that any increase in the solar RPS must be delayed by at least three (3) years to avoid imposing a major competitive disadvantage on retail suppliers, due to the existing regime under the Solar Energy Advancement and Fair Competition Act ("SEAFCA"). SEAFCA provides that existing BGS provider contracts, but not existing retail supply contracts, are exempt from any increases in the RPS. The fundamental unfairness of this scheme is obvious: a Board-imposed increase in the solar RPS would force retail suppliers and their customers to pay additional, unfair costs, while BGS providers and their customers would have no such obligation. Shopping customers have already been forced to pay tens of millions of dollars more than their fair share of the solar RPS due to the inequitable distribution of solar RPS requirements by SEAFCA.

Immediately advancing the RPS, or staggering the increase so that partial increases occur before EY 2016 as has been suggested by some Working Group members, only imposes further economic harm upon the customers of retail suppliers under SEAFCA. Perpetuating a regime wherein retail suppliers and their customers are forced to bear a disproportionately larger share of changes to New Jersey's solar RPS requirements is unfair. Therefore, OCE Staff should preserve its recommendation that no increase should be introduced prior to EY 2016.

Once again, RESA wants to express its support for the Working Group process and OCE Staff's receptiveness to ideas from a wide array of participants. In particular, RESA supports the Straw Proposal's recommendation to refrain from increasing the solar RPS before EY 2016, thereby promoting competitive neutrality by imposing the same solar RPS obligation on all market participants. Please do not hesitate to contact me should you have any questions or concerns. Thank you.

Very truly yours,

Murray E. Bevan

cc: B.hunter@bpu.state.nj.us
Mambrosio@appliedenergygroup.com
lwetzel@appliedenergygroup.com

{00071705.3 }

ConEdison Solutions. Energy. Efficiency. Expertise. conEdison Development ConEdison Energy Solving The Wholesale Power Puzzle

March 16, 2012

Michael Winka
Director, Office of Clean Energy
New Jersey Board of Public Utilities via e-mail to publiccomments@njcleanenergy.com

Re: Comments regarding the March 6, 2012 OCE Staff Straw Proposal

Dear Director Winka:

On behalf of Consolidated Edison Solutions, Inc. ("CES"), Consolidated Edison Development, Inc. ("CED") and Consolidated Edison Energy, Inc. ("CEE") (collectively the "Con Edison Companies"), I am writing to express support for the March 6, 2012 Office of Clean Energy ("OCE") Staff Straw Proposal ("Staff Proposal").

As discussed in the SREC working group meetings, the Solar Energy Advancement and Fair Competition Act ("SEAFCA"), which is the basis for the current SREC rules, has a provision which exempts existing BGS supply contracts from increases in the SREC requirement, creating a competitive disadvantage for retail suppliers who have to purchase more SRECs than their wholesale / BGS counterparts. The March 6, 2012 Staff Proposal has been structured to avoid triggering the BGS exemption by leaving the RPS requirement unchanged through Energy Year 2015. This design element is essential to treat wholesale and retail suppliers equitably. The Staff Proposal also avoids exacerbating the current over-supply of SRECs and further depressing SREC prices by offsetting any increase in the EDC SREC programs with a corresponding increase in the SREC obligation beginning in Energy Year 2016. These two design elements balance the interests of developers and suppliers and are the basis for the Con Edison Companies strong support of the Staff Proposal.

Respectfully submitted,

Steph Wemple

Stephen Wemple
Vice President, Regulatory Affairs
wemples@conedcss.com
914-993-2149

Constellation Energy

March 16, 2012

Michael Winka, Director
New Jersey Board of Public Utilities
Office of Clean Energy
M.Winka@bpu.state.nj.us
POB 350-44 S. Clinton Ave.
Trenton, NJ 08625

With further copy to:
solartransition@njcleanenergy.com
OCE@bpu.state.nj.us

RE: Constellation Energy Comments Regarding OCE Staff Solar Transition Straw Proposal

Constellation Energy (Constellation)[1] hereby submits comments in response to the March 6, 2012 "EDC SREC Program – Revised Solar RFP OCE Staff Straw" from the Office of Clean Energy.

Background

Constellation is a diversified energy company, serving customers throughout the U.S., including two-thirds of the Fortune 100. In New Jersey, Constellation operates from over nine locations, and serves wholesale and retail customers state-wide. Constellation is also one of the nation's leading solar developers, designing, financing, and constructing solar projects that are helping New Jersey meet its renewable portfolio standard and solar carve-out.

Reduction in SREC Qualification Life to Ten years

OCE has proposed a reduction in the SREC qualification life from fifteen to ten years for new projects. Constellation urges OCE to clarify that such a decrease would apply only to new projects, as stated by OCE staff during the March 8, 2012 Solar Transition Working Group meeting. Such clarification will promote regulatory stability, and make clear that existing projects will not be impaired.

[1] On March 12, 2012, Exelon Corporation acquired the Constellation Companies.

Further, while Constellation recognizes and shares OCE's desire to minimize ratepayer impact from the SREC program, a shorter qualification life will not decrease ratepayer exposure. Rather, SREC prices will adjust to whatever level is necessary to support the RPS demand schedule, thereby increasing SREC prices over the proposed, shorter 10 year qualification period. Therefore Constellation respectfully submits that such a change to the current qualification is unnecessary. Such a change would be best considered in a future proceeding without the time pressures associated with OCE's mandate to consider the continuation of the EDC SREC financing programs.

Additional Capacity of the EDC SREC Programs will be Reflected in the EY 2016 SREC Requirement

Constellation strongly supports the recommendation that "any additional capacity of the extended EDC SREC programs will be reflected in the solar RPS regulatory amendments that will be effective in EY 2016." This provision levels the playing field for all market participants – eliminating the possibility of retail suppliers having to pay additional costs while BGS providers and BGS customers would have no such obligation. An immediate increase in the solar carve-out would impose a competitive disadvantage to retail suppliers, and Constellation appreciates the fairness in OCE's recommendation on this issue.

Constellation thanks OCE staff for its time and dedication to these important matters.

Best regards,

Bryan S. Miller

Bryan S. Miller
Constellation Energy
Vice President, Energy Policy, Sustainable Energy
bryan.miller@constellation.com
240-744-6067

atlantic city electric

A PHI Company

Philip J. Passanante
Associate General Counsel

92DC42
500 N. Wakefield Drive
Newark, DE 19702

P.O. Box 6066
Newark, DE 19714-6066

302.429.3105 – Telephone
302.429.3801 – Facsimile
philip.passanante@pepcoholdings.com

March 16, 2012

VIA ELECTRONIC MAIL
publiccomments@njcleanenergy.com

Michael Winka
Director
Office of Clean Energy
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: Comments of Atlantic City Electric Company on the Office of Clean Energy's Straw Proposal – Solar Transition

Dear Mr. Winka:

Atlantic City Electric Company ("ACE" or the "Company") appreciates the opportunity to provide comments on the Office of Clean Energy's ("OCE") straw proposal as presented and discussed at the March 8, 2012 stakeholders meeting. ACE has been a strong supporter of the State's solar Regional Portfolio Standard ("RPS") goals. As of March 1, 2012, there are 100 megawatts ("MWs") of solar generation operating in the Company's service territory and another 727 MWs of solar generation under construction or pending (78 MWs of net energy metered and 649 MWs of grid connected). As directed by the Board of Public Utilities ("BPU" or the "Board") on or about September 30, 2008, ACE filed a solar financing plan. The Company, JCP&L, Board Staff and the Solar Alliance reached agreement on all the relevant issues of a common Solar Renewable Energy Certificate ("SREC") Financing Program (the "SREC Financing Program") and signed a stipulation on March 13, 2009 (the "Stipulation"). The Division of Rate Counsel ("Rate Counsel") also signed the Stipulation, but reserved the right to contest three specific issues. By Order dated March 27, 2009, the Board approved the Stipulation and resolved the contested issues. On May 8, 2009, Rate Counsel filed a Notice of Appeal with the Superior Court of New Jersey, Appellate Division regarding the additional recoveries portion of the contested issues. ACE, JCP&L, the Board, and Rate Counsel entered into a Stipulation of Settlement on additional recoveries (the "Stipulation of Appeal") on July 29, 2009, in the interest of avoiding further litigation. By Order dated September 16, 2009, the Board modified its March 27, 2009 Order to reflect the terms of the Stipulation of Appeal. Rate Counsel withdrew its appeal on September 23, 2009.

The SREC Financing Program has met its objectives. Currently, there are 19 MWs of solar facilities under contract with ACE, representing a cash flow of nearly $9 million per year in SREC payments to the solar generators.

The final Energy Master Plan ("EMP") that was released on December 6, 2011 requires that

> [t]he Board must step up its regulatory review of solar [photovoltaic ("PV")] to ensure that State-sponsored programs represent worthwhile initiatives that achieve a sensible balance among competing resource planning, economic, and environmental objectives from both a participant's and a non-participant's perspective.

(EMP at page5.)

In addition, the EMP states that

> [s]olar and offshore wind have great commercial potential, but implementation of solar and offshore wind technologies must not create an undue economic burden for retail customers. Therefore, solar and offshore wind project development must provide net economic benefits. Solar and offshore wind applicants must demonstrate that the net economic benefits of their projects are of sufficient 'quality' to offset the costs.

(EMP at page 6.)

The EMP also addresses the need to evaluate the cost and benefits of additional solar generation.

> Solar PV is subsidized through New Jersey's SREC program, thus spreading program costs to retail customers throughout the State. The Christie Administration does not support the unreasonable transference of wealth from ratepayers at large to solar developers as well as residential, commercial and industrial participants. To avoid the creation of a financial albatross, the Board needs to re-evaluate the costs and benefits of existing solar policies to ensure that New Jersey's residents, particularly non-participants, are receiving economic and environmental benefits in return for the financial support that has fueled rapid solar penetration in New Jersey.

(EMP at page 7.)

Staff's Straw Proposal states on page 2 as follows: "Conservative estimates are that the installed solar capacity will exceed the solar RPS through at least EY 2014. Depending on the near term installation rate, the solar capacity may exceed the [New Jersey] solar RPS through EY 2016." The Company submits that there is no urgent need to commit to extension of significant State-mandated subsidies at this time. Given the abundance of solar generation through at least 2014 -- and probably through 2016 -- the BPU has sufficient time for a well thought-out, measured approach to determine the next steps in the solar transition process in New Jersey.

ACE believes that now is the time to pause and let the competitive market determine the amount, location and type of solar and other renewable technologies needed to satisfy the RPS. Given the abundance of solar generation, particularly in ACE's service territory, there is adequate time to give the competitive market the opportunity to work; if any issues arise, they can be addressed over the next few years prior to any potential solar generation shortfalls. As stated in the EMP:

> [t]o date, New Jersey's policymakers have been thrust in the unenviable role of having to pick winners and losers among the crowded field of renewable energy technologies. The absence of a net economic benefit test coupled with a number of price incentives that fix the level of subsidy to support the increased entry of competing renewable technologies hinders the role and impact of the competitive market. Ultimately, it is the competitive market rather than New Jersey's policymakers that should rationalize the amount, location, and type of renewable technologies added to the resource mix to satisfy the RPS requirement.

(EMP at 82.)

The Staff's Straw Proposal does not provide a net economic benefit test supporting the expansion of the existing solar programs or additional solar programs in ACE's service territory. No support is provided for OCE's proposal to expand the electric distribution companies' ("EDCs") SREC programs by 120 MWs over 3 years. Indeed, the study provided by the Center for Energy, Economic and Environmental Policy ("CEEEP") reports on the results of the current ACE SREC Financing Program and concludes that "[a]t $600 SREC prices over the next 10 years, the program will show a surplus of over $69 million. At a $200 SREC price, the program will have a deficit of over $43 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 $353.89/SREC."

New Jersey SRECs are currently available for purchase at or below $200 per SREC. The clearing price result in the last Statewide auction was only $171 per SREC. As such, before the programs are expanded, the Board should assure itself that the existing programs are cost effective and provide measurable benefits to ratepayers. In order to procure the maximum ratepayer benefit at the lowest cost, a variety of options, including utility-provided solar generation, should be considered as part of the portfolio of solar generation required to meet the solar RPS goals. Rather than "set asides" for market segments and net metered projects, any goals should be aspirational, allowing the most efficient allocation of any additional solar generation capacity.

Item 7 of the Staff Proposal states that "[a]ny capacity not requested by an EDC can be allocated to the remaining EDC if requested." It is unclear how this proposal would be applied. Would this proposal involve increasing the allocation of solar capacity under the program extensions in another EDC's service territory to be subsidized by that EDC's customers?

Item 13 of the Staff's Straw Proposal states that "[a]ll EDC costs for developing, implementing and managing the extended EDC SREC program including all SREC transition fees, all loan serving fees, any fees associated with the EDC weighed average cost of capital, and all administrative fees would be paid for by the solar developer or the generation customer." It is not clear how this proposal could be implemented. Again, time is needed to adequately discuss and consider whether this proposal is a viable method of cost recovery within the context of expanded EDC SREC programs.

Item 15 of the Staff's Straw Proposal states that "[t]he sale of these additional SRECs will be timed to minimize the additional impact in the market and will be addressed through a solar RPS rule amendment." The Company respectfully submits that holding back SRECs has the potential to impose significant additional cost burdens on New Jersey ratepayers.

The Solar Transition Working Group failed to consider the impact of long-term SREC contracts on an EDC's balance sheets. SREC contracts are potentially subject to accounting models, such as lease accounting, derivative accounting and/or consolidation accounting, which could have as-yet undetermined impacts on the EDC's balance sheets. Again, there is adequate time to address this issue and, given the adequate solar generation in place and pending, no need to make commitments that could have a significant negative impact on New Jersey ratepayers.

At this time, given the lack of clarity on a path forward in the New Jersey Solar Transition Next Steps, ACE cannot agree to file for an extension of its SREC Financing Program. There is sufficient solar generation in New Jersey -- and in particular in ACE's service territory -- to meet the solar RPS requirement and the Company's share of those RPS requirements, over the next several years, at a minimum. Therefore, ACE would urge to Board to continue to study and carefully consider the next steps in the New Jersey Solar Transition. There is no need to make a quick -- and potentially costly -- decision for New Jersey ratepayers.

The Company encourages the Board to allow ACE sufficient time to focus on the accommodation of the significant amounts solar generation (existing and pending) in its service territory. ACE stands ready to work with the Board and interested stakeholders to continue to address and monitor the abundance of solar generation in its service territory and strike an appropriate balance between the need to meet legislative and policy goals and the best interests of ACE's customers. The Company's comments are designed to address the status of solar programs relative to ACE and its service territory and should not be interpreted as necessarily pertaining to any other electric utility in the State.

Once again, we appreciate the opportunity to comment on this important issue.

Respectfully submitted,

Passanante /jpr
Philip J. Passanante
An Attorney at Law of the
State of New Jersey

Rockland Electric Company

Jane Quin
Director
Customer Energy Services

March 16, 2012

VIA E-MAIL to OCE@bpu.state.nj.us
Michael Winka
Director, Office of Clean Energy NJBPU
POB 350 – 44 S. Clinton Ave.
Trenton, NJ 08625-0350

Re: NJBPU Staff Straw Proposal – Next Steps in the New Jersey Solar Transition

Dear Mr. Winka,

Rockland Electric Company ("RECO" or "the Company") appreciates the opportunity to provide comments on the Office of Clean Energy's Staff straw proposal for Next Steps in the Solar Transition, dated March 6, 2012 ("straw proposal"). The Company has been an active participant in the Solar Transition Working Group discussions. Its positions have been previously noted during the course of Working Group discussions, as well as in its written comments on Staff white papers, filed September 30, 2011, November 30, 2011, and January 23, 2012. In the comments that follow, the Company addresses key elements of Staff's straw proposal.

Introduction

Before addressing specific elements of the straw proposal, RECO would like to restate the importance of undertaking a macro-level cost-benefit analysis of the options available to the Board prior to approving any changes to the existing solar energy programs in the State. The analysis should compare the economic, environmental, and technical benefits of solar with the cost to customers of an additional regulated solar procurement obligation. New Jersey has a long history of providing measured support to drive growth in the solar market while recognizing that costs are declining and a transition to a market-based approach is the ultimate goal. The Board's regulated actions and policies, initially through rebates, then SRECs and the incremental EDC programs, along with market dynamics have resulted in solar capacity installations in excess of what is needed to meet Renewable Portfolio Standard ("RPS") solar energy targets for energy year ("EY") 2012. Based on conservative State projections, this oversupply could extend through EY 2016. The economic and environmental benefits of rapid growth in the solar market have, in large part, been funded by New Jersey customers. Prior to asking customers to contribute additional subsidies to the solar market, it is critical that the Board of Public Utilities ("BPU") determine if there is a positive cost-benefit ratio for the benefit of customers. RECO notes that there is no indication in Staff's straw proposal that the BPU would consider such an analysis before making a formal determination to increase the solar RPS, although it has been mentioned as a step at prior stakeholder meetings. In any event, should the Staff proceed with the straw proposal, RECO makes the following comments.

(Item 3) The EDC's Role as an Interim Source of Funding should be Voluntary

The intent of this item appears to be that the EDC filings will be requested but not mandated (i.e., will be voluntary). See item 3 (stating that the EDCs will be "requested" to submit a new filing), and item 7 (other EDCs can request capacity not requested by certain EDCs). This is an appropriate approach, allowing those EDCs that have already expressed an interest in providing programs, to do so via filings under the provisions of the RGGI statute.

During the Solar Transition stakeholder process RECO submitted comments indicating that it views its role as an interim source of solar financing through the Solar Renewable Energy Credit ("SREC") program as one of declining importance given the robust performance of the New Jersey solar market in recent years. From the Company's perspective, the EDC SREC programs that were established through Company-specific, BPU-approved stipulations, have met their targets and fulfilled their explicit objective to nurture the nascent solar industry. The solar market has reached a level of maturity that justifies continued transition to an open, competitive SREC market.

Dramatic growth in the solar market notwithstanding, if the BPU determines that additional utility customer subsidies are necessary to continue to support the State's solar goals and that the EDCs should play a continuing role in supporting the market, RECO strongly believes that the EDCs should be provided the opportunity and flexibility to design and offer programs on a strictly voluntary basis as they see fit to address the circumstances of their own service territories.

(Item 4) Staff's Proposal Provides Appropriate Flexibility in Program Design

Rockland welcomes the recognition that it is appropriate to give utilities the discretion to file for a solar financing or loan program, or both, depending on the unique circumstances presented in each service territory. The Rutgers Center for Economics, Energy and Environmental Policy ("CEEEP") analysis indicated that customer-incurred program costs were similar for both programs, and as such it would be appropriate for each utility to make a determination as to which type of program best suits its unique customers' needs. The Company fully supports the Staff's approach to program design in item 4 and encourages the BPU to adopt it as proposed.

(Items 1, 14, 15 and 16) EDC SREC Program Expansion Should be Limited to 120 MW over 3 years with Auctions in 2016

Discussion at the Solar Transition Working Group meeting on March 8, 2012 included requests to significantly inflate Staff's proposed 120 MW increase in solar capacity allotted to the EDC SREC programs. The Company strongly recommends that the BPU accept Staff's original proposal of 120 MWs over three years and decline to authorize further expansions. While the State's Energy Master Plan ("EMP") expresses support for an extension of the EDC SREC programs, it does not support a dramatic expansion of the programs without a quantitative cost-benefit analysis, and there has been no showing that additional capacity in the regulatory programs will create benefits for customers that outweigh the substantial costs. The amount of any increase should be kept to a minimum to avoid undercutting the economic efficiency of New Jersey's market-based RPS policies, and to avoid perpetuating oversupplied markets. Additionally, Staff's proposal to delay the release of SRECs generated by the incremental capacity until 2016 is well-taken because it will, in theory, limit the exposure of customers, suppliers and EDCs to further oversupply issues.

(Items 2, 7, 11, and 12) Capacity Transfers and Flexible Market Segments Allow for Optimization across EDCs

An initial division of the incremental solar capacity based on retail sales is a fair starting point. In order to be considered cost-effective for New Jersey customers, the solar capacity proposed by Staff must be implemented in a manner that optimizes development across utility service territories. RECO finds considerable value in the straw proposal's provision for capacity transfers between utility programs, assuming both parties are in agreement.[1] Also, granting the utilities flexibility to tailor their solicitations for different market segments is preferable because it allows each utility to reflect the unique characteristics of its service territory.

(Item 17) Staff's Proposal to Reduce the SREC Qualification Life will Raise Costs for Customers and Disrupt the Market

RECO opposes the Staff proposal in item 17 to reduce the period during which a solar facility creates SRECs from 15 years to 10 years. Such a reduction will have the effect of raising the quantity of solar facilities that must be supported by customers by 50 percent in later years, and effectively institutes a vintaging system for solar facilities, with earlier facilities providing 50 percent more SRECs to the owner than facilities constructed later, even though both facilities provide similar benefits. RECO believes that the market price for SRECs and not administrative design changes should drive the supply and demand for SRECs – a position that is consistent with both the goals of the Solar Transition and the State's Energy Master Plan – and believes the current 15 year qualification life for solar facilities should be retained. Moreover, a change in the qualification life could have the unintended effect of creating a rush to secure SRECs under the current rules, thereby undermining the market's ability to self-regulate.

(Items 5, 6, 9, 13, and 18) Staff's Proposal Limits Cost Exposure for EDCs and their Customers

RECO is pleased to see that the straw proposal structures the expanded EDC programs in a manner that serves the twin goals of limiting customer exposure and advancing New Jersey's solar transition. Five different provisions of the straw proposal serve to limit the cost burden of solar subsidies for utility customers, including:

- The timeframe of a loan or solicitation shall be 10 years decreasing in years over the 3-year program,
- The loan or solicitation process shall be developed to provide for the lowest achievable and available cost within the market segments on a "competitive" basis that tracks the market rate and not a set floor price,
- All grid supply projects on landfill or brownfields shall be in areas that can be supported by the distribution system,
- All EDC costs for developing, implementing, and managing the extended EDC SREC programs…would be paid for by the solar developer or the generation customer, and

[1] The Company suggests that Staff revise the straw proposal to clarify that the phrase "if requested" in Item 7 applies solely to negotiations of capacity between EDCs, i.e., "if requested by the remaining EDC and agreed to by EDC not requesting the capacity".

- Board Staff with CEEEP will develop a revised Solar Alternative Compliance Payment schedule for EY 2017 to EY 2026 to reflect lower solar installation costs.

Rockland is in favor of limiting the exposure of the extended programs, and the features listed above will assure that the utility and the State are "out of the business" of subsidizing the solar industry at a given date without lingering commitments. In the meantime, however, voluntary participation in the Solar Transition process by the EDCs necessitates the ability to recover the cost to administer programs and any appropriate compensation for cost of capital, as determined in negotiations between the petitioning EDC and the BPU. To the degree possible, moving such administrative costs from the utility customer to the program participant (or associated solar developer) is warranted. These programs ultimately create an investment opportunity and RECO believes that project risk should rest with the investor, not the utility customer.

Conclusion

The Company strongly believes that customers should not be required to support an expanded Solar Financing program, or any other program increasing solar subsidies – direct or indirect – without a quantitative analysis demonstrating that an increased commitment to New Jersey's solar market will deliver a positive cost-benefit ratio for customers. Allowing the solar transition to move forward will enable market forces to price New Jersey solar generation in the most economically efficient manner possible, and provide New Jerseyans with the benefits of clean energy at the lowest reasonable cost. By retaining the current fifteen year qualification life for solar facilities, the overall costs of solar to customers will be lower. Should the BPU determine that it is in the best interest of customers to continue solar subsidies, however, the Company is generally supportive of Staff's straw proposal for Next Steps in the Solar Transition, as outlined in the preceding sections.

Finally, RECO notes that it has submitted these policy comments in response to Staff's white paper in the spirit of the current stakeholder process, and reserves its rights to take any position on any matter should the BPU modify the straw proposal initiate any formal or other proceeding, or in any RGGI filing.

Sincerely,
Jane Quin
Jane Quin
Director, Customer Energy Services

NEXTera ENERGY RESOURCES

Comments of NextEra Energy Resources LLC
on the Office of Clean Energy's Solar Transition Workgroup
Draft Straw Proposal
March 16, 2012

On behalf of NextEra Energy Resources, LLC (NextEra Energy) and its affiliates doing business in New Jersey, we thank the Board and Staff for the opportunity to submit comments on the Office of Clean Energy Staff Straw Proposal of March 6, 2012.

NextEra, a subsidiary of NextEra Energy, Inc., is among the leading competitive generation companies in the North America, with more than 16,600 megawatts of clean energy generation located across 22 states and Canada. We are the nation's leader in clean energy production from the wind and sun, with over 8,000 of our 16,600 megawatts from renewable energy resources. In New Jersey, NextEra Energy owns the Paradise Solar facility in West Deptford, and is co-owner of a natural gas combined cycle generating station in Sayreville.

Like so many involved and invested in renewable energy, NextEra Energy appreciates New Jersey's leadership in crafting among the most progressive renewable portfolio standards in the country, particularly in the area of solar energy. While we are relatively new participants of the Solar Transition Workgroup, what we have in common with OCE staff and the other market participants is a desire to see the state maintain a sustainable solar incentive program that will ensure it meets the objectives of all involved.

We also recognize that the Workgroup effort and options must be consistent with the goals set forth in the Governor's Energy Master Plan, including lowering the Solar Alternative Compliance Payment (SACP) or total future costs for the SREC programs.

In short, we acknowledge the OCE's Straw Proposal, and recognize that its goal is to effectively "tide over" the industry while the market itself cools down a bit and moves closer to an equilibrium state. Unfortunately, a proposal that is fundamentally EDC-driven and procures (as currently configured) 120 MWs – even if the SRECs aren't usable until 2016 – does little to help the market recover. If anything, it makes a long market longer, while artificially suppressing price signals that should properly advise the market when investment is needed. Moreover, if enacted, we fear that the industry will be back in a short period of time seeking similar "tide over" programs, which does little to promote the self-reliance that the Governor's EMP is seeking for the industry.

Still, NextEra Energy Resources appreciates the OCE's effort and that of all stakeholders, and looks forward to continuing to work with the Board, the Staff and all market participants toward a more market-based solution.

David Applebaum
Regional Director, Regulatory Affairs
NextEra Energy Resources LLC
(609) 771-0894 (ph)
david.applebaum@nexteraenergy.com

Clean Energy
Ventures

March 16, 2012

Mr. Michael Winka
Director Office of Clean Energy NJBPU
POB 350 – 44 S Clinton Ave
Trenton, NJ 08625-0350

Dear Mr. Winka:

NJR appreciates and thanks the BPU staff ("Staff") for its significant efforts in guiding the stakeholder process, which has resulted in the Straw Proposal ("Straw") on next steps in the Solar Market Transition. This proceeding surfaced many critical issues facing the industry, and the stakeholder discussions on the pro's and con's of alternative solutions was valuable.

Acknowledging statutory limitations on the BPU's authority and the need for supportive legislative action, NJR nevertheless believes that a comprehensive solution is required to address the current issues facing the solar industry, and to prevent this situation from occurring in the future. With direction from the Energy Master Plan, the general framework for a comprehensive solution includes the following:

- Increase the RPS beginning in 2013, reflecting the projected installed capacity through 2012, as well as accommodating some installation growth in the year. In crafting the new RPS, we must be aware of the analysis performed by NJ CEEEP for this proceeding, which suggests there is close to 100MW of additional capacity which has been contracted but not yet installed under the current EDC financing programs.

- To capitalize on the 30% federal Investment Tax Credit (ITC) which expires after 2016, we agree with the comments of stakeholders who suggest accelerating more of the RPS into the 2013-16 timeframe. For example, 1GW of solar built with the ITC at $3.50 per watt, solar investors would earn $1 billion in tax credits from the federal government. These funds offset the need for financial support from New Jersey ratepayers via SREC's or energy payments.

1415 Wyckoff Road P.O. Box 1464 Wall, NJ 07719 Phone: 732-938-1000 Fax: 732-919-8188
www.njrcleanenergyventures.com

Clean Energy Ventures

- The SACP should be cut back to a level that would ensure present value savings gains for ratepayers. We believe staff should reconsider its proposal to adjust the 2017-26 SACP in isolation. Given the shared authority, we encourage the BPU and legislature to coordinate as closely as possible on adjusting the SACP and RPS across the entirety of the 2013-26 time period.

- To avoid excessive overbuilding in the future, a combination of tools can be leveraged including:
    - Restrictions on grid supply projects
    - EDC auctions which channel competitive forces to lower SREC prices while matching to a specific quantity of solar
    - More material SRP registration fees which are forfeited if projects are not built
    - Restrictions on new SREC project applications once a certain ratio of pipeline projects to RPS is achieved

NJR appreciates the opportunity to offer comments on the Straw and would welcome the chance to discuss the details of its recommendations with policymakers, and industry stakeholders.

Sincerely,

Stan Kosierowski
President, NJR Clean Energy Ventures

cc: Richard Gardner, Vice President, NJR Clean Energy Ventures
Larry Barth, Director of Development, NJR Clean Energy Ventures

SIERRA CLUB
FOUNDED 1892

March 16, 2012

VIA ELECTRONIC MAIL

Office of Clean Energy
New Jersey Board of Public Utilities
POB 350 - 44 S Clinton Ave
Trenton, NJ 08625-0350
publiccomments@njcleanenergy.com

RE: Comments Regarding Solar Transition Workgroup Straw Proposal

The Sierra Club respectfully submits these comments in response to the Solar Transition workgroup's straw proposal regarding EDC-SREC Programs – Solar RPS.

As stated in earlier comments submitted to the Solar Transition workgroup, solar energy has a host of environmental, health and economic benefits. Solar energy produces no air or water pollution, therefore does not contribute to the health effects or health costs associated with burning fossil fuels. Solar power also produces zero global warming emissions which are a significant threat to the planet and specifically to coastal states like New Jersey. These public health and environmental benefits must be considered in any thorough cost-benefit analysis of solar power.

Additionally, development of solar energy in New Jersey has boosted the state's economy through investments and job-creation. New Jersey is ranked in the top ten states for solar jobs, directly employing 2,871 people in 2011[1], up from 1,875 in 2011. There 480 companies involved in the solar energy industry in New Jersey[1]. At a time when New Jersey's unemployment rate is above the national average, these jobs are especially critical.

The nature of solar power makes it economically preferable relative to fossil fuels. Once capital costs are absorbed, the fuel is free and infinite. Due to its lack of harmful emissions, solar power is insulated from future air and water regulations. Solar energy is also mostly produced at the time when demand is greatest and the cost of energy is highest. These characteristics lend to oscillations in fuel prices to which solar is not and will never be subject.

New Jersey's burgeoning solar program is in its infancy stages relative to other energy sources historically utilized in the state. It is critical that the Board of Public Utilities implement policies that support the development of this resource. The Solar Transition workgroup has recognized the

---

[1]See the Solar Foundation, *Solar Jobs Census*, October 2011, p. 61.

[2]Available at http://www.njcleanenergy.com/renewable-energy/project-activity-reports/installation-summary-technology/installation-summary-technology

importance of intervention by proposing two options for action by the BPU: formally increasing the solar RPS or increasing the solar capacity of the EDC programs only.

Staff has proposed to address the issue of SREC market volatility by supporting Option 2: increasing the capacity of the EDC programs by 120 megawatts over three years. This is insufficient to impact SREC market stability in New Jersey. The proposed capacity increase is a fraction of what the state needs. New Jersey installed 230 megawatts in 2011 alone[2], averaging almost 20 megawatts per month. As indicated in staff's own proposal, NJ installed 84 megawatts in January of 2012. The proposed EDC capacity extension of 40 megawatts per year will not significantly impact the oversupply of SREC's. The Board should substantially increase that number with a portion of that advancement specifically allocated to the EDC programs

In addition to an increase in the EDC capacity, the solar program will benefit from a formal advancement of the total solar RPS. While the EDC programs may pose less of an impact on ratepayers, BPU action should not be limited to these programs. It is the total solar market – structured and unstructured - that is at risk of SREC oversupply, not just the EDC portion. Addressing this problem within the structured market only is not the answer.

The Sierra Club recommends a formal increase of the total solar RPS by 480 megawatts, divided between the EDC capacity and the unstructured market. This will be sufficient to help avoid a market crash which would undoubtedly stifle solar development in New Jersey. In order to lessen the rate impact, the majority of the solar RPS advancement should be allocated to the EDC program capacity. The Sierra Club encourages staff and the Board to consider a thorough cost benefit analysis of the SREC program which would include environmental and public health benefits of solar energy.

Respectfully Submitted,

_________/s/__________

Christine Guhl, Sierra Club

Deborah Petrisko

From: Cathy Sims [cathy@bized.com]
Sent: Friday, March 16, 2012 4:29 PM
To: publiccomments@njcleanenergy.com
Subject: Comments NJBPU Staff Straw – Solar

To: NJ BPU

Please increase the RPS immediately to help New Jersey's solar industry continue building more solar capacity in our state.

We have a solar workforce now that is helping New Jersey both environmentally and economically, and is playing a big role in keeping the Jersey Shore from having brownouts during the summer. By increasing the RPS an additional 450 megawatts, as suggested by Lyle Rawlings, we will ensure continuity in this key solar industry for New Jersey and its ratepayers.

I am encouraged by Mike Winka's item # 12 set aside for residential and small commercial. This had not been adequately considered and is long overdue. The solar programs have consistently been swamped by large jobs. The small job sector is important in that it is where the majority of local New Jersey businesses operate.

Successful achievement of RPS goals is only a part of the target: Development of an ongoing skilled solar workforce and contracting infrastructure is a big piece of this puzzle. This has not been adequately weighted. We need installers to keep the industry moving instead of a roller coaster where big money enters the mix and then moves on.

The stimulus of an industry, more than meeting an RPS, is where we will obtain the workforce for the long run.

Small system set asides are imperative to keep the in state industry and permanent job creation robust- as opposed to sluggish. Additionally, many small systems widely scattered- requiring little infrastructure is more desirable than large projects requiring upgraded infrastructure costs.

New Jersey can continue to be a leader in reducing its carbon footprint while retiring its aged, outdated and dangerous nuclear plants.

It's time to significantly increase the RPS for clean, solar electricity.

Sincerely,
Cathy and Dave Sims
Ecological Systems by Water Wizard, LLC

Deborah Petrisko

From: Dave Klockner [dklockner@eneractivesolutions.com]
Sent: Friday, March 16, 2012 4:39 PM
To: publiccomments@njcleanenergy.com
Cc: jnagle@eneractivesolutions.com; Dan Weeden
Subject: Solar Transition Work Group Comment

Dear Solar Transition Workgroup,
We would like to propose a minor addition to the next steps that the staff is proposing in its recommendation to the Board in the New Jersey Solar Transition – Next Steps.
Recommendation number 8 reads as follows:, "The extended EDC SREC programs are for net metered projects except for a set aside a set aside for grid supply projects for landfills or brownfields." And item 9 reads, " All grid supply projects on landfill or brownfields shall be in areas that can be supported by the distribution system."

ENERActive Solutions has been working with one of our clients and the Township of Ocean (Waretown) along with other participants including the Governor's office, Congressman Runyon's office, Lacey Township, representatives of the NJDEP to create an "Energy Enterprise Zone" in Waretown in the shadow of the Oyster Creek Nuclear Power Generating Station located in Lacey Township. With the pending closure of the Oyster Creek plant in 2019, there will be a significant loss to power in the region. The discussions have been centered around creating an area that can be dedicated to renewable energy and the region would be zoned as an "Energy Enterprise Zone" to allow for expeditious approvals in supporting renewable energy.

While the complete determination of an "Energy Enterprise Zone" has not been defined, we request that the set aside noted in item 8 include a provision for grid connected systems in "Energy Enterprise Zones" to help support specific areas of the State that will specifically benefit for grid connected renewable energy systems.

Thanks for your consideration. Regards, Dave Klockner

David S. Klockner
VP & Chief Operating Officer
ENERACTIVE Solutions
700 Mattison Ave.
Suite A
Asbury Park, NJ 07712
P: 732.988.8850
F: 732.988.9596
C: 848.565.1205
www.eneractivesolutions.com

Ranked #24 on Forbes List of America's Most Promising Companies

MSEIA MID-ATLANTIC SOLAR ENERGY INDUSTRIES ASSOCIATION

c/o Rutgers EcoComplex, Suite 208-B
1200 Florence-Columbus Road, Bordentown, NJ 08505

March 16, 2012

Mr. Michael Winka
Director
Office of Clean Energy
New Jersey Board of Public Utilities
44 South Clinton Avenue
Trenton, NJ 08601

Dear Mr. Winka:

Please accept the following comments in regard to the BPU Staff Straw Proposal on the Solar Transition – Next Steps.

The Straw Proposal focuses its recommendations on extending the EDC programs, which have been functioning in New Jersey for several years. In the context of the current solar market, in which it has become vital to address several problems, the EDC programs offer solutions to many of the problems.

The solar market can now be seen as tending to fall into boom-and-bust cycles. In the boom part of the cycle, prices of SRECs have been far higher than necessary to finance solar projects, so the ratepayers have been hurt. In the bust part of the cycle, there would be disruption to the the jobs and business growth that has been engendered in the state, and Jersey entities – private, governmental, and non-profit - who have already invested in solar would experience severe economic distress. Then urgent action is required to stabilize the situation. MSEIA believes that there is an emerging perception among many stakeholders that a change is necessary to prevent such volatility. The EDC programs offer a combination of qualities that MSEIA believes can form the backbone of a more well-managed market for all concerned.

The EDC programs can and will deliver SREC prices that approach the real cost of production of solar power. MSEIA's calculations and projections indicate that the near-term prices for these programs can be well below $200.

The EDC programs also make it possible to encourage the types of solar projects that deliver multiple benefits. Reaping the benefits of distributed generation, steering more solar toward congested areas, or greater concentration on rooftop solar, brownfields, and landfills, are examples of policy goals that be accomplished better through the EDC programs than through the unstructured market.

The EDC programs are well-suited to accomplish the BPU's goals to ensure participation of all market segments.

Finally, it has become very clear that the unstructured market has gone out of control, with the severe oversupply of SRECs threatening to cause a market collapse. The EDC programs, *if they are of sufficient size*, can help bring order to the market by bringing the rate of growth under better management.

MSEIA appreciates several aspects of the Straw Proposal that can help improve the solar market through the EDC programs. In particular, MSEIA appreciates the features of the Straw Proposal that provide for competition within market segments, including residential and small business.

The issue of greatest concern to MSEIA is that the size of EDC programs proposed in the straw proposal is very small. The Energy Master Plan envisions adding acceleration to the short-term solar RPS, and the legislature appears to be willing to do so. If one assumes that additions to the solar RPS is on the order of 450 megawatts of acceleration, then the total new construction for the period EY 2013 through 2015 would be about 905 megawatts . The 120 megawatts in the Straw Proposal would thus constitute only about 13% of new a during the three-year period. This amount is nowhere near enough to accomplish the goals or capture the values mentioned above. MSEIA believes that the EDC programs should be, at an absolute minimum, 50% of total new additions to the solar RPS. Furthermore, MSEIA believes that strong consideration should be given to making the EDC programs cover over 80% of new additions to the RPS. Only with EDC programs at this level will they be able to play the role of helping to manage the rate of growth of solar capacity, and thus to help ensure a well-managed market.

Regarding the disposition of SRECs from the EDC programs, MSEIA believes that the proposed practice of having the EDC's hold the SREC generated through the EDC programs until 2016 is potentially workable, but also carries costs (e.g., carrying costs), and risks. MSEIA suggests that consideration be given to having the EDC's retire the SRECs obtained through the EDC programs, and then allocating them among the LSE's. This could be done on an annual basis, at the time of the annual true-up, so that allocation percentages are known.

Regarding the Straw Proposal's suggestion that the SREC generation life be changed from 15 years to 10 years, MSEIA sees this as potentially viable, but there are issues of concern. In particular, if the result is that projects with a 10-year life must compete with previous projects having a 15-year life in an undifferentiated SREC marketplace, then the market is distorted n a way that causes difficulty for new projects.

Finally, in addition to the issues addressed in the Straw Proposal, MSEIA wishes to engage with the BPU and other stakeholders to discuss whether additional measures should be explored to help avoid future boom-and-bust cycles.

MSEIA looks forward to engaging further with the BPU and other stakeholders to reach an optimum resolution.

Sincerely,

Lyle Rawlings

Lyle K. Rawlings, P.E.
Vice-President, New Jersey

Dennis Wilson

Dennis Wilson, President

Quantum Solar

P.O. Box 368
Collingswood, NJ 08105
856-985-0074

NJ HIC# 13VH05405700

New Jersey Clean Energy Program
C/o Conservation Services Group
75 Lincoln Highway, Suite 100
Islin, NJ 08830

October 7, 2011

RE: Comments on the Staff Straw for Solar Transition

Dear Sirs:

Quantum Solar previously commented on the BPU SREC White Paper last Fall and would like to reiterate and modify those comments and provide additional comments on the propose Straw currently being considered. For the most part we agree with the transition suggestions to provide an EDC financing program for the solar industry. There are some modifications that we think would provide additional stability to the market and are described below.

Previous comments modified and expanded :

1. The problem of volatility of SREC prices in a "Capacity" market

The SREC market, from an economist's perspective as described by Frank Felder last Fall does not operate in a purely supply and demand market but rather operates in an artificial created "Capacity" market with a decreasing cap. In its simplest form, the two ends of the market drive prices. These two ends are the SACP and a "fire sale" value (some point near zero). Evidence for these divergent prices are present in virtually all the states that have SRECs At one point in time the price of SRECs is near the compliance price and at some other point in time, when capacity is achieved the price dives toward zero. We believe this problem can be reduced by reducing the SACP, effectively narrowing the range of prices, with a SACP suggested by the data provided by the CEEEP report. To insure the market doesn't completely collapse we would also recommend a floor price. We recognize the Administration does not favor a floor on SREC prices but we feel a floor adds stability and guarantees the program survival of the Clean Energy Program. For it the SRECs have no significant value, there is no point in keeping the program. These two values (SACP and Floor) should be different for residential and commercial owners of the PV system since residential owners do not enjoy the tax depreciation benefits. Otherwise all owners of newly installed PV equipment will be commercial enterprises, which I don't believe was the intent of the Solar Advancement Act.

2. The problem of cost to the ratepayer

The ratepayer pays for the SRECs. Rate Counsel has appropriately asked the question; how does the ratepayer benefit or "for what purpose –value"? The classic answer is that it

Quantum Solar

P.O. Box 368
Collingswood, NJ 08105
856-985-0074

NJ HIC# 13VH05405700

benefits the community as a whole. Reduces dependence on foreign energy sources, provides clean green energy, enhances grid security, and reduces the grid transmission and congestion secondary costs by having distributed energy generation. This last item may be the best economic reason to promote solar. Most recently Rate Counsel has stated the benefits are too difficult to monetize. We don't believe that is the case. The EPA and the DEP routinely provide economic impact statements and health impacts for justifying reductions in emissions from electric generating facilities on a regular basis. The SEAFCA specifically says:

The board, in consultation with the Department of Environmental Protection, electric public utilities, the Division of Rate Counsel in the Department of the Public Advocate, affected members of the solar energy industry, and relevant stakeholders, shall periodically consider increasing the renewable energy portfolio standards beyond the minimum amounts set forth in subsection d. of this section, taking into account the [1]cost impacts and[1] public benefits of such increases including, but not limited to:

(1) reductions in air pollution, water pollution, land disturbance, and greenhouse gas emissions;

As a standing member of the solar partnership described the Act the DEP should be asked to provide support to monetize the value of the reduced emissions. There are people in the Air Program that are familiar with this analysis. In addition the BPU should ask for an independent study on the cost of electrical congestion and how local PV equipment can promote societal benefits at no additional costs to the ratepayers. As is also described in the subsequent line of the Act, The board, shall consider…

(2) reductions in peak demand for electricity and natural gas, and the overall impact on the costs to customers of electricity and natural gas;

3. The problem of irrationally installing solar projects

It is clear that the value of adding solar electric generating equipment is not only based upon financial considerations. This is often described by the accountant folks as irrational. However, some people and companies will add solar because of their commitment to green energy or the perceived environmental benefits. Just like casinos believe they derive benefit from having huge lighting costs; environmentalists will install solar because it benefits the planet as long as the cost is reasonable. We don't believe it is possible to know or for that matter to predict the nature of the "irrational" component of purchasing solar equipment. Is it a commitment to the environment, herd mentality, gambling, or are people just "unsophisticated"? The most recent number of new applications in New Jersey suggest the appetite for solar equipment by commercial entities is not abating under the current price of SRECs. What has collapsed is the applications for personal ownership of residential solar equipment.

Quantum Solar

P.O. Box 368
Collingswood, NJ 08105
856-985-0074

NJ HIC# 13VH05405700

One need not look beyond Pennsylvania, with recent SRECs at $20, to see the "irrationality" of people installing solar. According to SEIA there was nearly a doubling of PA MW installed in 2011 from 2010. The Pennsylvania case is instructive because the market achieved overcapacity over 18 months ago and SREC prices have dropped steadily to the current price, all the while managing to nearly double the previous year capacity to 88MW. Is there profit at installing solar in PA with a near zero SREC value? One could argue that for the very largest systems where one has economies of very large scale, SRECs are not needed. We don't believe the solar industry will (or should) throttle itself.

Solar installation costs have been dropping steadily over the last 4 years with average installation costs dropping from $8+/Watt to $3+/Watt for large scale projects. Crystalline silica is now a commodity and the price of panels is fast approaching the magical $.50/W level where solar begins to compete with fossil fuel in high tariff areas without SREC incentives. The Federal tax credit is nearly enough an incentive to fund the large projects. The BPU/Legislature needs to recognize this reality and adjust the SREC registration program to exclude large projects from the SREC program. Small, more expensive projects, ones of 100kW (or 50kW) and smaller need the SRECs. They are almost 100% net-metered projects will always help the distributed energy solution and should continue in the SREC program unaffected. Pennsylvania Sunshine program again has information (from Summer 2011) regarding the cost of installation that shows the cost of residential and small business systems averaging less than 25kW has a cost per Watt of between $4.55 and $5.23. Large commercial systems are lower in price by more than $1.00/Watt.

Quantum Solar believes that it was a mistake to open the SREC market to systems greater than 2MW. These should be exempted from the SREC market and moved into the Class 1 REC. It is understood that this is a legislative activity and probably can not be accomplished through regulatory procedures. However, we don't believe this will significantly lower the probability of achieving the RPS for the foreseeable future.

Solar Transition Specific Comments.

Arranged in Bullet form with a short comment

1.) Recommend approval of a tiered EDC financing program that includes at least 50% of the annual increase in RPS, and has different caps and floors based upon size of the system with all market segments equally served according to the Act, Suggest to the EDC that a ceiling, perhaps different from the SACP be included in the contract. For example 25 kW for small systems (<25kW) with floor of $100 and ceiling of $275, System size 25-250kW floor of $75 and ceiling $225, System size >250 Floor $50 and ceiling $175. The PSE&G loan program was viewed as successful by customers because there was guaranteed value **before** a contract was signed. Under the proposed rules a customer needs to sign a contract first and then find out after the solicitation whether they can afford to install the system. This presents a burden to the customer and contractor. It adds a significant cost of doing business.

Quantum Solar

P.O. Box 368
Collingswood, NJ 08105
856-985-0074

NJ HIC# 13VH05405700

2.) Recommend not setting the SACP beyond a few years. Just set it for three years. Markets change, inflation occurs, federal tax regulations change, administrations come and go, and energy prices change. Part of current problem is the SREC prices were set 8 years out. Most business appreciate the long term thinking, but predicting reasonable prices for new technologies like solar is risky.

3.) Allow the REIPR systems to participate in the new EDC financing program. These were the systems that provided the impetus for the successful New Jersey solar program. They have invested some $3 billion dollars in capital to jump start the program and it seems unfair for them not to have an opportunity to participate in the financing program. The BPU announced the securitization program in 2008 in an effort to provide some future stability to the solar market. Many people; EDC, solar industry, private investors, and homeowners took that securitization program as a commitment by the Board to insure long term stability by targeting an IRR of 12% as a solar investment goal. Many of those people are finding out their 20 year IRR will be closer to 8% with a net present value (NPV) from a $30,000 investment of $550 with a 9 year payoff. If the SREC price drops to $50/SREC the NPV goes negative. See attached spreadsheets.

4.) Move the large systems to the Class 1 REC system. Having a system where the largest systems are required to be decoupled from the SREC program has the advantage of promoting smaller distributed systems that have less electrical impact on the grid. This also continues the transition process of reducing ratepayer support to a maturing industry.

5.) Recommend that the EDC at least bear the costs for developing the EDC Financing program. The costs to implement and manage are understandable, but the development costs are part of any business expansion program and are at risk to the entity undertaking the program. As with item #1, this adds a considerable cost to the project and is especially hard on the small system developer. Current developer administrative and processing costs for small projects are estimated at $4,500 and the addition of more costs will reduce this sector participation. A successful EDC financing program should serve all segments of electrical customers as per the Act.

Thank you for the opportunity to comment on the proposed straw.

Sincerely,

John Jenks (856-985-0074)
Quantum Solar Solutions

Quantum Solar

P.O. Box 368
Collingswood, NJ 08105
856-985-0074

NJ HIC# 13VH05405700

Residential 10kW Solar project
Using 2009 prices for installations & Rebated project

Assumptions:

Size in watts (DC)	10,000
kWh produced per year	11,500
Module Degradation (annually)	0.5%
Cost per watt installed (DC)	$6.85
Local/State rebate, if any (per watt):	$1.75
Price of solar power per kWh:	$0.190
Utility rate escalator:	0.0%
Discount Rate (Time Value of Money)	8%
Applicable federal tax rate:	0%
Applicable state tax rate:	0.00%
Blended State/Federal Tax Rate	0.0%
SREC value per kWh	$0.05
Federal Tax Credit	30%
Note:	

Costs per Watt		Sub totals
Panels	$3.25	$ 32,500.00
Inverters	$0.90	$ 9,000.00
Wire etc.	$0.30	$ 3,000.00
Installation	$0.40	$ 4,000.00
Racking	$0.50	$ 5,000.00
profit		$ 15,000.00
		$ 68,500.00

Project 20 Year IRR	**8.3%**
Project 20 Year NPV	**$554**

Year	Initial Outlay	Local Incentive	Rebate Tax Credit	Federal Tax on Local Incentives	Avoided Electrical Cost	Cash Flow	Cash Flow Balance
0	($68,500)		$ 17,500			($51,000)	($51,000)
1	$400 SREC	$4,400	$15,300	$0	$2,185	$21,885	($29,115)
2	$550 SREC	$6,050		$0	$2,174	$8,224	($20,891)
3	EY2012 SREC	$1,100		$0	$2,163	$3,263	($17,628)
4	$100/SREC	$1,100		$0	$2,152	$3,252	($14,375)
5		$1,100		$0	$2,142	$3,242	($11,134)
6		$1,100		$0	$2,131	$3,231	($7,903)
7		$1,100		$0	$2,120	$3,220	($4,683)
8		$1,100		$0	$2,110	$3,210	($1,473)
9		$1,100		$0	$2,099	$3,199	$1,726
10		$1,100		$0	$2,089	$3,189	$4,915
11		$1,100		$0	$2,078	$3,178	$8,093
12		$1,100		$0	$2,068	$3,168	$11,261
13		$1,100		$0	$2,057	$3,157	$14,418
14		$1,100		$0	$2,047	$3,147	$17,565
15		$1,100		$0	$2,037	$3,137	$20,702
16					$2,027	$2,027	$22,729
17					$2,017	$2,017	$24,746
18					$2,007	$2,007	$26,752
19					$1,996	$1,996	$28,749
20					$1,987	$1,987	$30,735
21					$1,977	$1,977	$32,712
22					$1,967	$1,967	$34,678
23					$1,957	$1,957	$36,635
24					$1,947	$1,947	$38,582
25					$1,937	$1,937	$40,520
26					$1,928	$1,928	$42,447
27					$1,918	$1,918	$44,365
28					$1,908	$1,908	$46,274
29					$1,899	$1,899	$48,173
30					$1,889	$1,889	$50,062

Spreadsheet showing value of 2009 residential system at $100/SREC

Quantum Solar

P.O. Box 368
Collingswood, NJ 08105
856-985-0074

NJ HIC# 13VH05405700

Residential 10kW Solar project
Using 2009 prices for installations & Rebated project

Assumptions:

Size in watts (DC)	10,000			
kWh produced per year	11,500			
Module Degradation (annually)	0.5%			
Cost per watt installed (DC)	$6.85			
Local/State rebate, if any (per watt):	$1.75			
Price of solar power per kWh:	$0.190			
Utility rate escalator:	0.0%			
Discount Rate (Time Value of Money)	8%			
Applicable federal tax rate:	0%			
Applicable state tax rate:	0.00%			
Blended State/Federal Tax Rate	0.0%	**Costs per Watt**		**Sub totals**
SREC value per kWh	$0.05	Panels	$3.25	$ 32,500.00
Federal Tax Credit	30%	Inverters	$0.90	$ 9,000.00
Note:		Wire etc.	$0.30	$ 3,000.00
		Installation	$0.40	$ 4,000.00
		Racking	$0.50	$ 5,000.00
		profit		$ 15,000.00
				$ 68,500.00

Project 20 Year IRR	**6.7%**
Project 20 Year NPV	**($2,740)**

Year	Initial Outlay	Local Incentive	Rebate Tax Credit	Federal Tax on Local Incentives	Avoided Electrical Cost	Cash Flow	Cash Flow Balance
0	($68,500)		$ 17,500			($51,000)	($51,000)
1	$400 SREC	$4,400	$15,300	$0	$2,185	$21,885	($29,115)
2	$550 SREC	$6,050		$0	$2,174	$8,224	($20,891)
3	EY2012 SREC	$575		$0	$2,163	$2,738	($18,153)
4	$50/SREC	$575		$0	$2,152	$2,727	($15,425)
5		$575		$0	$2,142	$2,717	($12,709)
6		$575		$0	$2,131	$2,706	($10,003)
7		$575		$0	$2,120	$2,695	($7,308)
8		$575		$0	$2,110	$2,685	($4,623)
9		$575		$0	$2,099	$2,674	($1,949)
10		$575		$0	$2,089	$2,664	$715
11		$575		$0	$2,078	$2,653	$3,368
12		$575		$0	$2,068	$2,643	$6,011
13		$575		$0	$2,057	$2,632	$8,643
14		$575		$0	$2,047	$2,622	$11,265
15		$575		$0	$2,037	$2,612	$13,877
16					$2,027	$2,027	$15,904
17					$2,017	$2,017	$17,921
18					$2,007	$2,007	$19,927
19					$1,996	$1,996	$21,924
20					$1,987	$1,987	$23,910
21					$1,977	$1,977	$25,887
22					$1,967	$1,967	$27,853
23					$1,957	$1,957	$29,810
24					$1,947	$1,947	$31,757
25					$1,937	$1,937	$33,695
26					$1,928	$1,928	$35,622
27					$1,918	$1,918	$37,540
28					$1,908	$1,908	$39,449
29					$1,899	$1,899	$41,348
30					$1,889	$1,889	$43,237

Spreadsheet showing value of 2009 residential system at $50/SREC

THE CITY OF WILDWOOD
OFFICE OF THE MAYOR

Sent via email: publiccomments@njcleanenergy.com

March 21, 2012

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

RE: Staff's Extended EDC SREC Program – straw proposal

The City of Wildwood located in Cape May County operated a municipal landfill for over fifty years. In the late 50's, the landfill was closed and the city sought financing to correctly cap the site. Not unlike other urban centers, funding for projects such as this seemed to be beyond the financial ability of the city for the last fifty years. The city aggressively looked for developers that would clean the site and build residential properties. These developers all came to the same conclusion, the enormous cost of remediating the site made it impossible to carry out the cities plans for residential development.

Approximately three years ago, the elected officials including me, were made aware of certain power generation configurations that might help finance this long overdue project. After looking at a number of different types of power generation including gas collection and wind turbines, it was determined a solar project had all the elements necessary to carry out the objective of capping the landfill. The city quickly developed a request for proposals to build a 4 megawatt solar facility. This project design would generate enough revenue to completely pay for the capping of the landfill and return a small amount of desperately needed revenue to the city. More importantly, it would solve an environmental problem for the city and its residents.

Unfortunately, while the designs and RFP were being produced, the SREC market collapsed in the State of New Jersey. Our successful bidder, a well known, well financed manufacturer and solar developer, is still anxious to complete this project, but is paralyzed by the subdued incentive market.

I am writing to you today with the hope the NJ BPU will accelerate the role you have in correcting the imbalance in incentive values, but more importantly to urge you to adopt a brown to green carve out component to the rules that would enhance the incentives for developing solar projects on former municipal landfills.

This project will not only help produce the end result of creating green energy mandates in the state, but also return this once valuable property to a usable sate and ultimate return it back to the city and state tax rolls.

Very truly yours,

Ernie Troiano, Jr.

4400 NEW JERSEY AVENUE * WILDWOOD, NEW JERSEY 08260
PH. (609) 522-2444 * FX. (609) 523-2444
troiano@wildwoodnj.org