



STATE OF NEW JERSEY
Board of Public Utilities
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OFFICE OF CLEAN ENERGY
& DIVISION OF ENERGY

IN THE MATTER OF ATLANTIC CITY ELECTRIC
COMPANY RENEWABLE ENERGY PORTFOLIO
STANDARD- AMENDMENTS TO THE MINIMUM FILING
REQUIREMENTS FOR ENERGY EFFICIENCY,
RENEWABLE ENERGY, AND CONSERVATION
PROGRAMS; AND FOR ELECTRIC DISTRIBUTION
COMPANY SUBMITTALS OF FILINGS IN
CONNECTION WITH SOLAR FINANCING

) ORDER ON RESULTS OF
SIXTH SOLICITATION

DOCKET NO. EO08100875

IN THE MATTER OF THE VERIFIED PETITION OF
JERSEY CENTRAL POWER AND LIGHT COMPANY
CONCERNING A PROPOSAL AN SREC-BASED
FINANCING PROGRAM UNDER N.J.S.A 48:3-98.1

) ORDER ON RESULTS OF
SIXTH SOLICITATION

DOCKET NO. EO08090840

IN THE MATTER OF THE VERIFIED PETITION OF
ROCKLAND ELECTRIC COMPANY CONCERNING A
PROPOSAL FOR AN SREC-BASED FINANCING
PROGRAM UNDER N.J.S.A 48:3-98.1

) ORDER ON RESULTS OF
SIXTH SOLICITATION

DOCKET NO. EO09020097

(SERVICE LIST ATTACHED)

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

By Order¹ dated August 7, 2008 ("August Order"), the New Jersey Board of Public Utilities ("Board") directed the Jersey Central Power and Light Company ("JCP&L") and the Atlantic City Electric Company ("ACE") to file a solar financing program based on Solar Renewable Energy Credits ("SRECs") by September 30, 2008, and include certain design and filing requirements.

¹ I/M/O the Renewable Energy Portfolio Standard: Amendments to the Minimum Filing Requirements for Energy Efficiency, Renewable Energy, and Conservation Programs, and for Electric Distribution Company Submittals of Filings in Connection with Solar Financing, Docket No. EO06100744

In addition, the August Order directed the Rockland Electric Company ("Rockland") to file an SREC-based financing program by January 31, 2009.

On August 22, 2008, Rockland submitted a motion for reconsideration of the August Order, arguing that its proposed residential solar loan program in BPU Docket No. EO06100744 would be more effective in developing market support of solar projects in its service territory. By Order dated December 10, 2008, I/M/O Rockland Electric Company's Motion for Reconsideration or, in the Alternative, Clarification in Part of the Board's August 7, 2008 Order, Docket No. EO06100744 ("December Order"), the Board rejected the Company's request to provide only a residential solar loan program, but determined that Rockland was not prohibited from pursuing a solar loan program in addition to an SREC-based financing program. The December Order further provided that Rockland could proceed with its own SREC-based financing program or it could opt to participate in the programs submitted to the Board by ACE or JCP&L.

On September 30, 2008, JCP&L filed its solar financing program, I/M/O the Verified Petition of Jersey Central Power & Light Company Concerning a Proposal for an SREC-Based Financing Program under N.J.S.A. 48:3-98.1, Docket No. EO08090840. On October 1, 2008, ACE filed its solar financing program, I/M/O the Renewable Energy Portfolio Standard – Amendments to the Minimum Filing Requirements for Energy Efficiency, Renewable Energy, and Conservation Programs; and for Electric Distribution Company Submittals of Filings in Connection with Solar Financing, Docket No. EO08100875. On February 3, 2009, Rockland filed its SREC-based financing program ("Rockland Program"), In the Matter of the Verified Petition of Rockland Electric Company for Approval of a Residential Solar Loan Program Pursuant to N.J. S.A. 48:3-98.1. Docket No. EO08090903.

Over the course of settlement discussions held between February and March 2009, the ACE and JCP&L filings merged into one model program ("ACE-JCP&L Program") with similar positions on all issues including cost recovery mechanisms and incentives. ACE, JCP&L, Board Staff, the Division of Rate Counsel ("Rate Counsel") and the Solar Alliance ("SA") (collectively, the "Parties") reached an agreement on most of the relevant details of the ACE-JCP&L Program, and signed a stipulation on March 13, 2009 ("ACE-JCP&L Stipulation"). Rate Counsel signed the ACE-JCP&L Stipulation but reserved the right to contest three specific issues. By Order dated March 27, 2009 ("March Order"), the Board approved the ACE-JCP&L 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 the additional recoveries ("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 Order to reflect the terms of the Stipulation of Appeal. Rate Counsel withdrew its appeal on September 23, 2009.

On June 29, 2009, JCP&L and ACE retained NERA Economic Consulting to serve as Solicitation Manager ("SM") and to implement the ACE-JCP&L Program. On July 27, 2009 the parties to the Rockland filing (Rockland, Rate Counsel, Board Staff and SA) executed a stipulation ("Rockland Stipulation") on all the relevant details of the Rockland Program but leaving open two issues for the Board. By Order in these dockets dated July 31, 2009 ("July Order"), the Board approved Rockland's Stipulation and resolved the contested issues.

Bids for the first solicitation ("First Solicitation") under the ACE-JCP&L Program were submitted to the SM by August 25, 2009. On September 23, 2009 the SM sent Board Staff ("Staff") a report containing its final recommendations to the Board. On September 30, 2009, the Board issued an Order: (i) authorizing JCP&L to award SREC Purchase Sale Agreements ("PSAs") to seven projects for a total of 1,585.37 kW; (ii) ordering the second solicitation ("Second Solicitation") to be 12MW for JCP&L and 5MW for ACE; and (iii) ordering a third solicitation ("Third Solicitation") to be held on March 5, 2010 with at least 9.40527 MW for JCP&L and 5 MW for ACE. In addition, the Board committed to consider after the Second Solicitation whether capacity not awarded in the Second Solicitation should be included in the Third Solicitation.

Bids for the Second Solicitation under the ACE-JCP&L Program and the Rockland Program (jointly "Programs") were submitted to the SM on December 11, 2009. On January 14, 2010, the SM sent Staff a report containing its final recommendations to the Board. On January 21, 2010, the Board issued an Order: (i) authorizing ACE to award SREC PSAs to ten projects for a total of 2,196.508 kW; JCP&L to award SREC PSAs to twenty seven projects for a total of 4,175.69 kW; and Rockland to award SREC PSAs to two projects for a total of 149.60 kW; and (ii) ordering the Third Solicitation to be held for the following quantities: 7,803.49 kW for ACE, 17,238.94 kW for JCP&L and 2,117.40 kW for Rockland.

Bids for the Third Solicitation were submitted on March 5, 2010. On April 9, 2010, the SM sent Staff a report containing its final recommendations to the Board. On April 28, 2010, the Board issued an Order: (i) ordering the ACE, JCP&L and Rockland (jointly "EDCs"), to include in the RFP an additional provision precluding a project that receives an award in one solicitation to compete in a future solicitation at a higher price absent a "clear indication of a change in circumstances"; (ii) directing Staff to work with the SM, Rate Counsel and the EDCs in defining the criteria to be used in determining what constitutes a clear indication of a change in circumstances; (iii) authorizing the EDCs to enter into SREC PSAs for fifty-seven projects totaling 9,332.978 kW; (iv) directing the EDCs to work with the SM in examining the reasons behind the inconsistent participation across territories and to report back to the Board at the fifth solicitation round under the Programs ("Fifth Solicitation"); and (v) establishing the Program capacities for Reporting Year 2010/2011, pursuant to the recommendations of the SM.

Bids for the fourth solicitation under the Programs ("Fourth Solicitation") were submitted on June 11, 2010. On July 19, 2010 the SM submitted its final recommendations to the Board. On August 12, 2010, the Board issued an Order: (i) authorizing the EDCs to award SREC PSAs to twenty projects for a total of 3,931.945 kW; (ii) rejecting three awards for a total of 1,093.080 kW on the basis of uncompetitive pricing; (iii) ordering that any planned capacity unfilled in the Fourth and Fifth Solicitations be procured in a sixth solicitation to be held during Reporting Year 2010-2011 ("Sixth Solicitation"); (iv) directing Staff to review the Programs with the EDCs, the SM and Rate Counsel, along with representatives of the solar industry in order to determine programmatic and administrative modifications needed to increase participation in the Programs; and (v) directing Staff to report to the Board on recommended changes no later than the date the SM submits its final recommendations for the Fifth Solicitation.

Bids for the Fifth Solicitation were submitted on October 14, 2010. On November 16, 2010, the SM submitted its final recommendations to the Board. On January 03, 2011, the Board issued an Order: (i) authorizing the EDCs to award SREC PSAs to fifty-five projects for a total of 9,512.190 kW; (ii) rejecting two awards for a total of 157.020 kW on the basis of uncompetitive pricing; (iii) approving the two stipulations amending the solar system size limit of Programs and providing adjustments to the developer cap provisions; (iv) directing Staff to work with the SM

and the solar developers in analyzing the impact of the approved amendments and possible barriers to participation across the service territories; (v) directing Staff to report to the Board the results of this analysis by the time the SM presents the recommendations for the seventh solicitation under the Programs (“Seventh Solicitation”); (vi) directing Staff to report to the Board the impact of recently approved incentives on small segment participation at the time the SM presents the results of the Sixth Solicitation, and (vii) ordering the Sixth Solicitation to be held for the following quantities: 5,876.052 kW for JCP&L, 11,933.267 kW for ACE, 2,376.400 kW for Rockland.

Bids for the Sixth Solicitation were submitted on February 17, 2011. On March 15, 2011, the SM submitted its final recommendations to the Board. The SM received one hundred and ninety one (191) bids totaling 40,419.316 kW. One hundred and eighty three (183) of the projects submitted were for a 10 year term, one project for a 13 year term and seven projects for a 15 year term. According to the SM, the small segment participation was good with 45.03% of the projects belonging to this segment representing 777,695 kW of capacity. The SM recommends one hundred and six (106) projects for award totaling 16,565.932 kW. The SM recommends that eighty five (85) projects totaling 22,356.546 kW be rejected because of uncompetitive pricing. The average NPV for the awards is \$2,926.34 for the larger projects segment corresponding to an average SREC price of \$413.83/SREC for a ten-year PSA, and \$3,165.52 for the small projects segment corresponding to an average SREC price of \$447.66/SREC for a ten-year PSA. The lowest NPV for the awards is \$2,423.64 for the larger projects segment corresponding to an average SREC price of \$342.74/SREC for a ten-year PSA, and \$2,819.33 for the small segment corresponding to an average SREC price of \$398.70/SREC for a ten-year PSA.

DISCUSSIONS AND FINDINGS

The Board has carefully reviewed the recommendations of the SM and **FINDS** that they appropriately address all the issues specified in the March and July Orders, the ACE-JCP&L Stipulation and the Rockland Stipulation, and thus are in keeping with the overall purpose and requirements of the Programs. The Board **FURTHER FINDS** that the overall solicitation process was effectively competitive in this instance.

After consideration of the recommendations of the SM and Staff, the Board **AUTHORIZES** the EDCs to award SREC PSAs to one hundred and six (106) projects for a total of 16,565.932 kW. The Board **AGREES** with the SM’s recommendation not to authorize eighty five (85) projects totaling 22,356.546 kW for awards because they were not competitively priced. The Board further **AGREES** with the recommendation of the SM to allow awarded projects in ACE’s territory to downsize as necessary to account for interconnection constraints as long as the awarded price is not altered. In the alternative, the Board **ALLOWS** projects needing to significantly downsize due to interconnection constraints in ACE’s territory to resubmit their projects in future solicitations. The results of the Sixth Solicitation, therefore, are as follows:

Small project segment (50 kW and below):

- Eight-six (86) bids were received, totaling 1,336.600 kW.
- Fifty-nine (59) awards were made, totaling 777.695 kW.
- Twenty seven (27) bids totaling 558.905 kW were rejected because pricing was found not to be competitive.

- The average NPV for the recommended awards is \$3,165.52 (corresponding to an average SREC price of \$447.66/SREC for a ten-year PSA).
- The lowest NPV for the recommended awards is \$2,819.33 (corresponding to an average SREC price of \$398.70/SREC for a ten-year PSA).

Larger project segment (above 50 kW):

- One-hundred and five (105) bids were received, totaling 39,082.716 kW.
- Forty-seven (47) awards were made, totaling 15,788.237 kW.
- Fifty-eight (58) bids totaling 21,797.641 kW were rejected because pricing was found not to be competitive.
- The average NPV for the recommended awards is \$2,926.34 (corresponding to an average SREC price of \$413.83/SREC for a ten-year PSA).
- The lowest NPV for the recommended awards is \$2,423.64 (corresponding to an average SREC price of \$342.74/SREC for a ten-year PSA).

The Board **ORDERS** that the planned capacity quantities for the 2012 Reporting Year include the unfilled capacity from the 2011 RPS Reporting Year and the capacity that obtained an award but failed to enter into a PSA in the 2010 Reporting Year. The planned capacity quantities for the 2012 Reporting Year are as follows:

EDC	2012 Reporting Year (kW)
JCP&L	10,901.678
ACE	6,925.359
Rockland	2,275.705

The Board further **ORDERS** that the above planned quantities for the 2012 Reporting Year be divided equally between the seventh and the eighth solicitations in ACE's (i.e. 3462.680 kW each solicitation) and JCP&L's (i.e. 5450.839 kW each solicitation) territories. However, the Board **ORDERS** that the full planned quantities for Rockland in the 2012 Reporting Year (2,275.705 kW) be solicited in the Seventh Solicitation.

The Board **ESTABLISHES** the following schedule of solicitations for the 2012 Reporting Year:


Reporting Year 2012	
Round 7	Friday, June 10, 2011
Round 8	Friday, September 2, 2011
Round 9 (if needed)	Friday, December 2, 2011

Finally, based on Staff's determination that it is too soon to evaluate the full impact of the ESFI incentives on small segment participation in the Programs, Staff is **HEREBY DIRECTED** to report to the Board on the impact of these incentives at the time the SM presents the results of the Seventh Solicitation.

DATED:

3/30/11

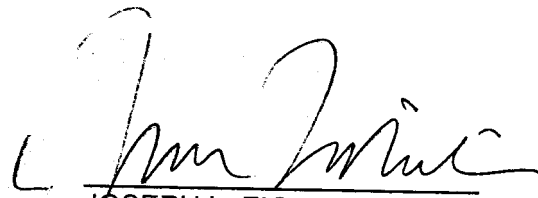
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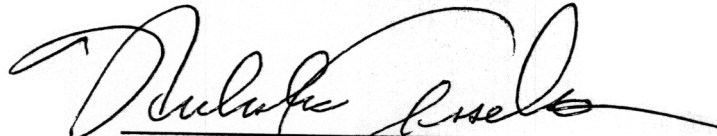
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KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities

