

**In the Matter of the Renewable Portfolio Standard (“RPS”)
as it Relates to Basic Generation Service (“BGS”)
Docket No. ER13090861**

In its Order dated June 18, 2012 in Docket No. ER12020150, the Board of Public Utilities (“Board”) directed Staff, with the help of its BGS consultant, to initiate a study to explore the possibility of removing the RPS requirement from the BGS procurement process. Since the Board issued that Order, there have been a number of developments within the renewable energy sector such as the Solar Act of 2012, the dramatic decrease in the cost of Solar Renewable Energy Credits (“SRECs”) and an excess of SRECs being produced, all of which have had an impact on the renewable energy markets and the cost of compliance of the RPS in New Jersey.

In an effort to better understand the developments within the renewable energy sector in New Jersey before Staff makes a final recommendation regarding the RPS requirement as it relates to the BGS procurement process, Staff is issuing a series of questions seeking input from all interested stakeholders regarding the renewable energy market in New Jersey and its relation to the procurement of BGS.

Please provide responses to these questions by November 4, 2013, with reply responses due by December 2, 2013. All responses and replies must be filed with the Board's Secretary and also be electronically served via email to parties on the e-service as part of this email. Parties wishing to be added to the e-service list may do so by emailing Frank Perrotti at Frank.Perrotti@bpu.state.nj.us. The questions are as follows:

1. Describe the potential benefits and/or risks of removing the RPS obligation from the BGS full requirement product.
2. Is the price transparency created by the separation of the RPS from the BGS procurement process still needed now that (a) the SACP has been reduced drastically, and (b) the market prices for SRECs are much lower than the SACP?
3. To what extent have BGS suppliers contracted for RECs on a long-term basis?
4. Are there legal, regulatory or other impediments to transferring RPS responsibility for BGS load to New Jersey’s Electric Distribution Companies (EDCs)? Please address any issues relating to mandatory terms for contracts, cost recovery, the prudence of an EDC’s actions in meeting the RPS obligations in a process separate from the BGS procurement, including the possibility for over- or under-procurement and the costs?
5. How would the current EDCs’ programs, which generate or finance the generation of SRECs and then sell those SRECs, be impacted if the RPS obligations were to be moved back from BGS suppliers to the EDCs? Without BGS bidders needing these SRECs what is the risk that the EDCs fail to sell off their SRECs at competitive prices?

6. What is the risk of the EDCs not being able to meet 100% of their RPS requirements through an auction due to low turnout? Please explain your answer.
7. In the event that an EDC RPS procurement process is created to satisfy the RPS obligation for BGS load, what, if any, caps should be placed on participation in such an RPS procurement to maintain a competitive balance? Would caps or other limits on participation be feasible, given potential concerns about total levels of competition? Please explain.
8. Would transferring the RPS responsibility from BGS suppliers back to the EDCs affect the competitive electric energy retail choice market in New Jersey?
9. Are there legal, regulatory or other impediments to transferring RPS responsibility for Third Party Suppliers' load to the EDCs? Please explain.
10. If otherwise permissible, should transferring the RPS responsibility from BGS suppliers to the EDCs move New Jersey away from a competitive market with many buyers and sellers for pricing RECs and SRECs? What impact would this have on REC and SREC pricing?
11. Would the EDCs incur additional administrative costs to procure and manage the SREC/REC portfolio? Please explain.