



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

DIVISION OF ENERGY AND
OFFICE OF CLEAN ENERGY

IN THE MATTER OF 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)
("SREC II"))
)
) ORDER DESIGNATING)
) COMMISSIONER)
)
) DOCKET NO. EO12080750)

(NOTIFICATION LIST ATTACHED)

Gregory Eisenstark, Esq., Attorney for Petitioner, Jersey Central Power and Light Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

The New Jersey Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq.; ("EDECA"), and several statutory amendments thereto, required the New Jersey Board of Public Utilities ("Board") to adopt Renewable Energy Portfolio Standards ("RPS"), and authorized the Board to amend those standards by regulation. Retail electricity suppliers and basic generation service providers must include a minimum percentage of qualified renewable energy in the electricity they sell during each one-year period ending May 31 ("Reporting Year").

Suppliers and providers may comply with solar RPS requirements by submitting Solar Renewable Energy Certificates ("SRECs"), or by paying a Solar Alternative Compliance Payment ("SACP"), or a combination of the two methods.

In May 2006, Board Staff ("Staff") began a stakeholder process to consider various models to enhance the ability of energy suppliers and providers to meet the targets for solar electric generation established in the RPS rules and to support the continued growth of New Jersey's

solar market. The stakeholder process made clear that, for the time being, the growth of the solar sector will continue to depend upon the availability of incentives above and beyond pure market forces. Equally clear is the rebate-type incentives were not sustainable in the long-term. Accordingly, the Board's Order dated December 6, 2007, *I/M/O the Renewable Energy Portfolio Standards, Alternative Compliance Payments and Solar Alternative Compliance Payments* Docket No. EO06100744 (December 6 Order"), set a course towards reducing New Jersey's reliance on rebates and transitioning to a more market-based means of providing solar incentives. The Board's primary considerations in that transition included: the cost that ratepayers bear; fairness and equity to all ratepayer classes; job growth; improved reliability and security of New Jersey's electricity infrastructure; the ability to achieve sustained orderly development of the solar portion of that infrastructure; reducing transaction costs; and supporting other policy goals, especially with respect to environmental protection and public health.

Recognizing that SREC based financing depends not only upon certainty about long-term maximum prices for SRECs but also on greater certainty about the minimum cash flow that a project can generate from the creation and sale of SRECs, the December 6 Order stated that "there is a widespread consensus that an additional mechanism or mechanisms will be necessary for the market to achieve levels of growth sufficient to meet RPS requirements at an acceptable cost." The Board directed the Office of Clean Energy ("OCE") to initiate a proceeding to explore whether additional securitization was needed, and if so, to provide specific recommendations regarding the methods and costs of providing such securitization.

On August 7, 2008, the Board issued an Order *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* in Docket No. EO06100744 ("August 7 Order"). Among other things, the August 7 Order directed Jersey Central Power and Light Company ("JCP&L") to file with the Board a solar financing plan by September 30, 2008, which had to comply with certain project-design and filing requirements.

On September 30, 2008, JCP&L filed its solar financing program, *I/M/O the Verified Petition of Jersey Central Power and Light Company Concerning a Proposal for an SREC-Based Financing Program under N.J.S.A. 48:3-98.1* Docket No. EO08090840 ("Original SREC Program"). On March 27, 2009, the Board issued an Order approving JCP&L's Original SREC Program with modifications.¹

Since 2008 the Board has issued numerous Orders related to EDC SREC financing. These Orders have resulted in the implementation of an SREC solicitation process managed by three of the EDCs, JCP&L, Atlantic City Electric Company ("ACE") and Rockland Electric Company

¹ *I/M/O of the Verified Petition of Jersey Central Power and Light Company Concerning a Proposal for an SREC Based Financing Program under N.J.S.A. 48:3-98.1* Docket No EO08090840 and *I/M/O of Atlantic City Electric Company Renewable Energy Portfolio Standards 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, March 27, 2009.

("RECO"), and in a solar loan program managed by Public Service Electric and Gas Company ("PSE&G")².

By Order dated April 27, 2011, in Docket EO09020125, *I/M/O Petition of Public Service Electric and Gas Company for Approval of a Solar Generation Investment Program and Associated Cost Recovery Mechanism - Order Approving Capacity Transfer*, the Board directed Staff to evaluate existing utility solar programs and to conduct a thorough review of the utility supported solar programs to help the Board determine whether these programs should continue, be allowed to expire, be modified or expanded. As part of a stakeholder process, Staff developed recommendations for consideration by the Board.

August 2012 Filing

On August 15, 2012, JCP&L filed the instant petition with the Board pursuant to the Board's Order dated May 23, 2012 in Docket No. EO11050311V, ("May 23 Order")³ in which the Board adopted Staff's recommendations with respect to the SREC financing programs, and approved the extension of the EDCs' SREC Financing Programs. In the current filing, JCP&L requests approval of an extended 52 MW proposed Solar Renewable Energy Certificate Program II ("SREC II") over a three year solicitation period for energy years 2014 through 2016. SREC II is molded closely on the company's Original SREC Program. However, based upon experience with the Original Program and requirements of the May 23 Order, JCP&L has proposed certain new elements for the SREC II Program.

For example, solar projects will be selected for contracting based on the lowest net present value cost of the agreement. JCP&L is proposing three program segments: 1) net metered residential and small commercial solar photovoltaic projects less than or equal to 50 kwh ("Segment 1"); 2) net metered solar photovoltaic projects greater than 50 kw ("Segment 2"); and 3) grid-connected solar photovoltaic projects on closed landfills and brownfields ("Segment 3"). The company proposes to allocate the proposed 52 MW of capacity in the following manner: Segment 1: up to 5 MW; Segment 2: minimum of 30 MW; and Segment 3: 17 MW.

In addition, JCP&L proposes to recover its costs for the SREC II Program through its current RGGI Recovery Charge Rider ("Rider RRC") in which JCP&L currently recovers costs related to its Original SREC Program. The net revenue received from the auction of the SRECs that the Company purchases as part of the SREC-based financing program will be applied to reduce the costs to be recovered through the Rider RRC.

DISCUSSION

The Board has determined that the petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Mary-Anna Holden as the presiding officer who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

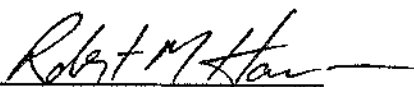
² PSE&G also runs a solar program where the utility owns the solar facility, a program known as Solar4All. This Order only addresses PSE&G's solar loan programs.

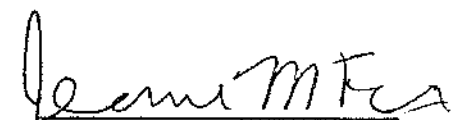
³ *I/M/O Review of Utility Supported Programs*, Docket No. EO11050311V, May 23, 2012.

In the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing two hard copies to each party, unless otherwise requested by the parties. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.


DATED: 10/4/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT



JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


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



IN THE MATTER OF 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 ("SREC II") - DOCKET NO. EO12080750

NOTIFICATION LIST

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