



Agenda Date: 12/15/21

Agenda Item: 2G

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Trenton, New Jersey 08625-0350  
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ENERGY

IN THE MATTER OF THE COMBINED AND )  
CONSOLIDATED APPLICATION OF ATLANTIC CITY )  
ELECTRIC COMPANY TO ADJUST THE LEVEL OF ITS )  
"RIDER RGGI" RATE ASSOCIATED WITH ITS LEGACY )  
SOLAR RENEWABLE ENERGY CERTIFICATE ("SREC )  
I") FINANCING PROGRAM, ITS SUCCESSOR SOLAR )  
RENEWABLE ENERGY CERTIFICATE ("SREC II") )  
FINANCING PROGRAM, AND ITS SOLAR TRANSITION )  
INCENTIVE PROGRAM (2021) ) DOCKET NO. ER21070980

**Parties of Record:**

**Philip J. Passanante, Esq.**, for Atlantic City Electric Company  
**Brian O. Lipman, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On July 9, 2021, Atlantic City Electric Company ("ACE" or "Company") filed a petition and supporting exhibits with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking authority to adjust the level of the Rider Regional Greenhouse Gas Initiative Recovery Charge ("Rider RGGI") associated with ACE's legacy Solar Renewable Energy Certificate ("SREC") Financing Program ("SREC I Program"), the Company's successor Solar Renewable Energy Certificate Financing Program ("SREC II Program"), and its Transition Renewable Energy Certificate ("TREC") Program ("TREC Program") ("July 2021 Petition"). By this Decision and Order, the Board considers ACE's request to maintain the SREC II Program Administrative Fee at its current level of \$17.07 for calendar year 2022.

**BACKGROUND AND PROCEDURAL HISTORY**

SREC I Program

By Order dated August 7, 2008, the Board directed Jersey Central Power & Light Company ("JCP&L") and ACE to file, by September 30, 2008, a solar financing program based upon SRECs, utilizing and incorporating certain mandatory design and filing requirements. On October 1, 2008, ACE filed a petition with a proposed SREC financing program under BPU Docket No. EO08100875.

ACE, JCP&L, Board Staff (“Staff”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Solar Alliance (“SA”) considered the ACE and JCP&L filings in the course of 11 settlement meetings held between February and March 2009. Over the course of those settlement discussions, the ACE and JCP&L proposals were incorporated into a single program which included a cost recovery mechanism and incentives. ACE, JCP&L, Staff, and SA executed a stipulation on March 13, 2009 (“March 2009 Stipulation”). Rate Counsel was also a signatory to the March 2009 Stipulation, but reserved its right to contest three (3) specific issues. By Order dated March 27, 2009, the Board approved the March 2009 Stipulation and decided the contested issues.<sup>1</sup> Among other things, the March 2009 Order approved the recovery of costs through an SREC Financing Program rate component of the Rider RGGI equal to a per kilowatt-hour (“kWh”) charge applicable to all customers. As net program costs for the first year of the program were uncertain, the March 2009 Order required that ACE’s Rider RGGI rate component for this program be set at zero (\$0.000000 per kWh).

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. On July 29, 2009, ACE, JCP&L, Staff, and Rate Counsel entered into a further stipulation of settlement with respect to the contested issues (“Stipulation on Appeal”). By Order dated September 16, 2009, the Board modified its March 2009 Order to reflect the terms of the Stipulation on Appeal. Rate Counsel withdrew its appeal on September 23, 2009.<sup>2</sup>

The Board, from 2013 through 2020, approved various kWh amounts of the SREC I Program component of the RGGI rate, inclusive of Sales and Use Tax (“SUT”). The specific actions taken by the Board are as follows:

- On December 18, 2013, the Board approved the SREC I Program component of the Rider RGGI rate at \$0.000610 per kWh;<sup>3</sup>

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<sup>1</sup> In re 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, and;

In re the Matter 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, BPU Docket Nos. EO08100875 and EO08090840, Order Dated March 27, 2009 (“March 2009 Order”)

<sup>2</sup> In re 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, and;

In re the Matter 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, BPU Docket Nos. EO08100875 and EO08090840, Order dated September 16, 2009.

<sup>3</sup> In re Atlantic City Electric Company’s Annual Filing to Set the Level of its “Rider RGGI” Rate Associated with its Solar Renewable Energy Certificate Financing Program, and;

In re 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, BPU Docket Nos. EO13030241 and EO12040312, Order dated December 18, 2013.

- On November 16, 2015, the Board approved the SREC I Program component of the Rider RGGI rate at \$0.000824 per kWh;<sup>4</sup>
- On November 30, 2016, the Board approved the SREC I Program component of the Rider RGGI rate at \$0.000567 per kWh, which was further reduced to reflect a change in the applicable SUT to the rate of \$0.000566 per kWh;<sup>5</sup>
- On September 22, 2017, the Board approved the SREC I Program component of the Rider RGGI rate at \$0.000392 per kWh, which was further reduced to reflect a change in the applicable SUT to the current rate of \$0.000391 per kWh;<sup>6</sup>
- On January 17, 2019, the Board approved the SREC I Program component of the Rider RGGI rate at \$0.000417 per kWh;<sup>7</sup>
- On February 5, 2020, the Board approved the SREC I Program component for the Rider RGGI rate at \$0.000334 per kWh;<sup>8</sup> and
- On November 18, 2020, the Board approved the SREC I Program component of the Rider RGGI Rate at \$0.000299 per kWh.<sup>9</sup>

### SREC II Program

On November 8, 2011, the Board directed the Office of Clean Energy to initiate an assessment of New Jersey's renewable energy programs, as well as addressing issues raised by the Solar Energy Advancement and Fair Competition Act (L. 2009, c. 289), and the 2011 Energy Master Plan.<sup>10</sup> On May 23, 2012, the Board issued an Order directing ACE "to file within, [sic] 5 business days of service of this Order, a notice of their intention to participate or not to participate in the Extended Electric Distribution Company SREC Programs consistent with Staff's recommendations adopted by the Board herein."<sup>11</sup> On September 5, 2012, ACE submitted a petition for Board approval of the Company's SREC II Program. By Order dated December 18, 2013, the Board authorized ACE to offer an SREC II Program with a total program size of up to

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<sup>4</sup> In re the Application of Atlantic City Electric Company to Adjust the Level of its "Rider RGGI" Rate Associated with its Solar Renewable Energy Certificate Financing Program (2015), BPU Docket No. EO15050505, Order dated November 16, 2015.

<sup>5</sup> In re the Application of Atlantic City Electric Company to Adjust the Level of its "Rider RGGI" Rate Associated with its Solar Renewable Energy Certificate Financing Program (2016), BPU Docket No. ER16050402, Order dated November 30, 2016.

<sup>6</sup> In re the Application of Atlantic City Electric Company to Adjust the Level of its "Rider RGGI" Rate Associated with its Solar Renewable Energy Certificate Financing Program (2017), BPU Docket No. ER17040357, Order dated September 22, 2017.

<sup>7</sup> In re the Application of Atlantic City Electric Company to Adjust the Level of its "Rider RGGI" Rate Associated with its Solar Renewable Energy Certificate Financing Program (2018), BPU Docket No. ER18050543, Order dated January 17, 2019.

<sup>8</sup> In re the Application of Atlantic City Electric Company to Adjust the Level of its "Rider RGGI" Rate Associated with its Solar Renewable Energy Certificate Financing Program (2019), BPU Docket No. ER19060697, Order dated February 5, 2020.

<sup>9</sup> In re the Application of Atlantic City Electric Company to Adjust the Level of its "Rider RGGI" Rate Associated with its Solar Renewable Energy Certificate (SREC I) Financing Program (2020), BPU Docket No. ER20060387, Order dated November 18, 2020.

<sup>10</sup> The Office of Clean Energy was subsequently renamed the Division of Clean Energy.

<sup>11</sup> In re the Matter of the Review of Utility Supported Solar Programs, BPU Docket No. EO11050311V, Order dated May 23, 2012. See Staff Recommendations, page 26 - line b.

23 MW.<sup>12</sup> The December 2013 Order set the Administrative Fee for SREC II Program participants at \$17.07 per SREC, and further ordered that after five (5) years there would be a true-up of administrative costs and program participant fees, and the program participant fees would be adjusted on a prospective basis, beginning January 1, 2019. Additionally, the December 2013 Order directed ACE to “assess Application Fees, Assignment and Administrative Fees (collectively, “Program Participant Fees”) to Program Participants.”

Through a series of Board Orders dated December 18, 2018, October 25, 2019, December 20, 2019, May 20, 2020, December 16, 2020 and June 24, 2021, the Board approved the maintenance of the Company’s SREC II Administrative Fee at the Board’s previously approved rate of \$17.07 and maintenance of the Rider RGGI Surcharge applicable to the SREC II Program’s Direct Charges at its current rate of \$0.000000 per kWh.<sup>13</sup>

### TREC Program

By Order dated December 6, 2019, the Board established the TREC Program that was designed to bridge the gap between Legacy SREC Programs and a to-be-determined Successor Program.<sup>14</sup> The BPU directed New Jersey’s electric distribution companies (“EDCs”) to work with Staff to jointly procure a TREC Administrator that would acquire all of the TRECs produced each year by eligible solar generation projects. The TREC Administrator would then allocate the TRECs to load serving entities based on their market share of retail sales for retirement within the generation attribute tracking system as part of the annual renewable portfolio standard compliance process.

The TREC Order further authorized the EDCs to recover reasonable and prudent costs for TREC procurement and TREC Administrator Fees. As provided in the TREC Order, the recovery of these costs would be based upon each EDC’s proportionate share of retail electric sales. As a result, each EDC was to make an annual filing for its costs and the recovery method, which will be subject to approval by the Board.

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<sup>12</sup> In re the Matter of the Petition of Atlantic City Electric Company Concerning a Proposal for an Extended Solar Renewable Energy Certificate (SREC)-Based Financing Program Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO12090799, Order dated December 18, 2013 (“December 2013 Order”).

<sup>13</sup> In re the Verified Petition of Atlantic City Electric Company Concerning the Setting of the Administrative Fee and the Regional Greenhouse Gas Initiative Recovery Charge (“Rider RGGI”) for 2021 Associated With Its Solar Renewable Energy Certificate (SREC II) Program, BPU Docket No. ER20100688, Order dated December 16, 2020;

In re the Verified Petition of Atlantic City Electric Company Concerning the Setting of the Administrative Fee and the Regional Greenhouse Gas Initiative Recovery Charge (“Rider RGGI”) for 2021 Associated With Its Solar Renewable Energy Certificate (SREC II) Program, BPU Docket No. ER20100688, Order dated June 24, 2021; and

See also BPU Docket Nos. ER18101192 and ER19101429.

<sup>14</sup> In re a New Jersey Solar Transition Pursuant to P.L. 2018, C.17, BPU Docket No. QO19010068, Order dated December 6, 2019 (“TREC Order”).

By Order dated March 9, 2020, the Board prescribed that the TREC Administrator would acquire all TRECs produced by eligible solar generation projects at a base compensation rate of \$152 per megawatt hours.<sup>15</sup> The TREC Administrator would then calculate the actual value of a TREC to be acquired by multiplying the base compensation rate by a factor applicable to the solar project type set forth in the table below:

Solar Project Type	TREC Factor
Subsection (t): landfill, brownfield, areas of historic fill	1.0
Grid Supply (subsection (r)) rooftop	1.0
Net metered non-residential rooftop and carport	1.0
Community solar	0.85
Grid supply (subsection (r)) ground mount	0.6
Net metered residential ground mount	0.6
Net metered residential rooftop and carport	0.6
Net metered non-residential ground mount	0.6

On April 10, 2020, the EDCs issued a joint Request for Proposal to 17 vendors to provide TREC administrator services for three (3) years beginning June 2020. Four (4) bids were received on April 27, 2020. In July 2020, the EDCs executed a contract with InClima, Inc. to serve as the TREC Administrator. The EDCs estimated the cost of the TREC Administrator Services Fees for the initial three (3) year period to be between \$3.4 million and \$3.8 million.

By Order dated August 12, 2020, the Board approved the establishment of a new component of the Company’s Rider RGGI to recover costs associated with TREC. The initial TREC component of the Rider RGGI is/was set at a rate of \$0.000559 per kWh.<sup>16</sup>

**July 2021 Petition**

The Company requested the following in the July 2021 Petition:

**SREC I Program**

Based upon actual SREC I Program costs through May 2021, and forecasted costs from June 2021 through October 2022, the Company proposed to recover approximately \$1.48 million of costs associated with SREC I Program. The proposed decrease reduces the Rider RGGI charge from the current per kWh charge of \$0.000299 to \$0.000189, a decrease of \$0.000110 per kWh including SUT.

<sup>15</sup> In re a New Jersey Solar Transition Pursuant to P.L. 2018, C.17 – TREC Base Compensation Schedule, BPU Docket No. QO19010068, Order dated March 9, 2020.

<sup>16</sup> In re the Petition of Atlantic City Electric Company Concerning the Initial Setting of the Regional Greenhouse Gas Initiative Recovery Charge (“Rider RGGI”) Associated with the New Jersey Solar Transition Incentive Program, BPU Docket No. ER20050344, Order dated August 12, 2020.

### SREC II Program

From the inception of the SREC II Program to the end of 2021, based on actual data through September 2020 and estimated data through December 2021, the Company claims to have incurred recoverable administrative costs of \$732,682, leaving an unrecovered projected balance, including interest of \$35,512, as of the end of calendar year 2021 of \$413,113. In addition to the unrecovered balance of \$413,113, as of the end of 2021, in determining the Administrative Fee for 2022, ACE projected its administrative costs over the next period (calendar year 2022), to be approximately \$25,658 and \$2,506 in interest resulting in a total projection of administrative costs of \$441,276 to be collected from program participants in calendar year 2022. Therefore, the projected Administrative Fee for 2022 would be \$53.16 per SREC; however, ACE believes that an increase of this magnitude from the current Administrative Fee of \$17.07 will cause SREC II Program to fail, as project participants will likely seek to terminate their participation. In order to avoid the possibility of premature termination of SREC II Program participants, ACE requested that the Board allow the Company to maintain the Administrative Fee at its current level of \$17.07 for calendar year 2022, and further requested that ACE be authorized to carry forward any unrecovered SREC II Program Participant Fees, including Administrative Fees, for recovery from SREC II Program participants in future annual period(s).

Regarding the SREC II Program costs, which were based upon actual costs through May 2021, and projected costs through October 2022, there is a projected over-recovered balance, including interest, for Direct Costs of \$1,738,527. However, ACE proposed to continue its SREC II costs at the current rate of \$0.000000 per kWh, resulting in no change in both the Administrative Fee and SREC II Program costs rate.

### TREC Program

ACE performed a calculation of their annual total revenue requirement necessary to recover its portion of the costs for TREC, including the estimated TREC Administrator Fee, for the November 2021 through October 2022 program year. Based upon actual costs from July 2020 through May 2021 and forecasts from July 2021 through October 2021, the projected revenue requirement for the program year is \$7,734,067. Based upon this total projected annual revenue requirement for the program year, ACE proposed to update its RGGI TREC charge from \$0.000559 to \$0.000988 per kWh, an increase of \$0.000429 per kWh including SUT.

After notice in newspapers and general circulation within the Company's service territory, telephonic public hearings were held on August 31, 2021 at 4:30 pm and 5:30 pm.<sup>17</sup> No members of the public attended the hearing. Additionally, no written comments were received by the Board.

### **DISCUSSION AND FINDINGS**

The parties are in the process of reviewing the July 2021 Petition, which will not be complete prior to the impending change in the SREC II Program Administrative Fee required by the December 2013 Order. Accordingly, after reviewing the record to date, including the July 2021 Petition, the Board **HEREBY FINDS** it is appropriate to maintain the SREC II Administrative Fee for calendar year 2022 at its current level. Accordingly, the Board **HEREBY ORDERS** the continuation of the SREC II Program Administrative Fee at the Board's previously approved rate of \$17.07 for calendar year 2022.

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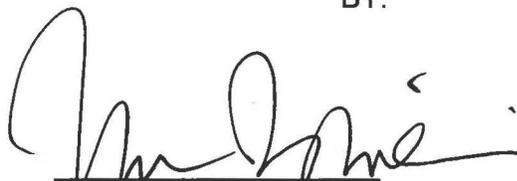
<sup>17</sup> Due to the COVID-19 Pandemic, the public hearings were held telephonically.

The Board notes that the parties will continue to review all matters concerning the July 2021 Petition. The Company's costs, including those related to the programs described above, remain subject to audit by the Board. As such, this Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

The effective date of this Order is December 22, 2021.

DATED: December 15, 2021

BOARD OF PUBLIC UTILITIES  
BY:

  
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ATTEST:   
AIDA CAMACHO-WELCH  
SECRETARY

IN THE MATTER OF THE COMBINED AND CONSOLIDATED APPLICATION OF ATLANTIC CITY ELECTRIC COMPANY TO ADJUST THE LEVEL OF ITS "RIDER RGGI" RATE ASSOCIATED WITH ITS LEGACY SOLAR RENEWABLE ENERGY CERTIFICATE ("SREC I") FINANCING PROGRAM, ITS SUCCESSOR SOLAR RENEWABLE ENERGY CERTIFICATE ("SREC II") FINANCING PROGRAM, AND ITS SOLAR TRANSITION INCENTIVE PROGRAM (2021) - DOCKET NO. ER21070980

SERVICE LIST

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