## Alternatives Matrix

<table>
<thead>
<tr>
<th>Feature</th>
<th>Alternative 1</th>
<th>Alternative 1a*</th>
<th>Alternative 2</th>
<th>Alternative 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determination of Total Compensation</td>
<td>20-year levelized, board order for each approved project</td>
<td>20-year levelized, board order for each approved project</td>
<td>20-year levelized, board order for each approved project</td>
<td>20-year levelized, board order for each approved project</td>
</tr>
<tr>
<td>Payment Agent</td>
<td>EDCs</td>
<td>EDCs</td>
<td>EDCs</td>
<td>Suppliers</td>
</tr>
<tr>
<td>Flow of Energy</td>
<td>Generator to NEM customer or generator to PJM</td>
<td>Generator to NEM customer or generator to PJM</td>
<td>Generator to NEM customer or generator to PJM</td>
<td>Generator to NEM customer or generator to PJM</td>
</tr>
<tr>
<td>Flow of SRECs - step 1</td>
<td>Generators transfer SRECs to EDCs</td>
<td>Generators transfer SRECs to EDCs</td>
<td>Generators transfer SRECs to EDCs</td>
<td>Generators transfer SRECs to suppliers</td>
</tr>
<tr>
<td>Flow of SRECs - step 2</td>
<td>EDCs transfer to suppliers</td>
<td>EDCs transfer to suppliers</td>
<td>EDCs transfer to suppliers</td>
<td>N/A</td>
</tr>
<tr>
<td>Payment to Generator</td>
<td>EDCs pay total (energy + incentive) to generator</td>
<td>EDCs pay total (energy + incentive) to generator</td>
<td>EDCs subtract energy value from total, then pay just the incentive to generators</td>
<td>Suppliers subtract energy value from total, then pay just the incentive to generators</td>
</tr>
<tr>
<td>Generator partial reimbursement</td>
<td>Generator reimburses energy revenue to EDC for grid revenue; EDCs bill net metered hosts for energy reimbursement directly (&quot;buy all-sell all&quot;)</td>
<td></td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Recovery of funds from ratepayers</td>
<td>EDCs recover energy + incentive funds through non-bypassable wires charge</td>
<td>EDCs recover energy + incentive funds through non-bypassable wires charge</td>
<td>EDCs recover incentive funds through non-bypassable wires charge</td>
<td>Suppliers recover funds through their energy rates</td>
</tr>
<tr>
<td>Partial reimbursement to ratepayers</td>
<td>EDCs reimburse ratepayers for energy value recovered from generators</td>
<td>EDCs reimburse ratepayers for energy value recovered from generators</td>
<td>EDCs reimburse ratepayers for energy value recovered from generators</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Alternative 1a is not discussed in detail in MSSIA’s comments. It is a sub-alternative of Alternative 1 in which the energy revenue reimbursement in the case of net-metered projects is accomplished through a “by all-sell all” structure. In this version the EDC adds the solar system output meter reading to the customer bill, thus getting energy reimbursement directly instead of through the generator.
MSEIA DRAFT – DIAGRAM OF 20-YR. SREC II FUNDING MECHANISM
FLOW OF ENERGY AND SRECs – ALTERNATIVE 1

KEY
SREC Energy

Rate-Payers

LSEs

EDCs

Developers/Owners

Net-Metered Hosts

OR

PJM

M
MSEIA DRAFT – DIAGRAM OF 20-YR. SREC II FUNDING MECHANISM
FLOW OF FUNDS – ALTERNATIVE 1

**KEY**
- SREC Payment
- Energy Pmt. (NEM)
- Energy Pmt. (PJM)

**Flow of Funds – Alternative 1**

- **Rate-Payers**
  - Wires Charge
  - Payment (energy + Incentive)

- **EDCs**

- **Developers/ Owners**

- **LSEs**

- **Net-Metered Hosts**

- **PJM**

**OR**

**Rate-Payers**

- Wires Charge
- Payment (energy + Incentive)

- **Rate-Payers**

- **EDCs**

- **Developers/ Owners**

- **LSEs**

- **Net-Metered Hosts**

- **PJM**
FLOW OF FUNDS – ALTERNATIVE 1a

**KEY**
- SREC Payment (Green)
- Energy Pmt. (NEM) (Blue)
- Energy Pmt. (PJM) (Brown)

**Rate-Payers**
- Wires Charge (Green)
- Energy Reimb. (Blue)

**EDCs**
- Payment (energy + Incentive) (Green)
- Energy Pmt. (PJM) (Brown)

**Developers/Owners**
- Net-Metered Hosts (Blue)

**LSEs**

**PJM**

**OR**
MSEIA DRAFT – DIAGRAM OF 20-YR. SREC II FUNDING MECHANISM
FLOW OF ENERGY AND SRECs – ALTERNATIVE 3

KEY
SREC
Energy

Rate-Payers

EDCs

Developers/Owners

Net-Metered Hosts

LSEs

OR

PJM
MSEIA DRAFT – DIAGRAM OF 20-YR. SREC II FUNDING MECHANISM
FLOW OF FUNDS – ALTERNATIVE 3

KEY
- SREC Payment
- Energy Pmt. (NEM)
- Energy Pmt. (PJM)

LSEs

Rate-Payers

Wires Charge

EDCs

Developers/Owners

Net-Metered Hosts

OR

PJM
MSEIA DRAFT – DIAGRAM OF 20-YR. SREC II FUNDING MECHANISM
FLOW OF FUNDS – ALTERNATIVE 3

KEY
- SREC Payment (Green)
- Energy Pmt. (NEM) (Blue)
- Energy Pmt. (PJM) (Brown)

1. Rate-Payers
2. LSEs
3. Developers/Owners
4. Net-Metered Hosts
5. OR
6. PJM