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SUBMITTED VIA ELECTRONIC LINK: Rule.Comments@bpu.nj.gov

December 10, 2018

IN THE MATTER OF THE ALLOCATION OF
RENEWABLE PORTFOLIO STANDARDS FOR
BASIC GENERATION SERVICE (BGS)
FOR THE PERIOD BEGINNING JUNE 1, 2019

DOCKET NO. EO18111250

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 So. Clinton Ave., 3rd Floor, Suite 314
Trenton, New Jersey 08625-0350

Dear Secretary Camacho-Welch:

On behalf of Public Service Electric and Gas Company ("PSE&G"), Jersey Central Power & Light Company ("JCP&L"), Atlantic City Electric Company ("ACE"), and Rockland Electric Company ("RECO") (collectively, the "EDCs"), attached are joint comments pertaining to the referenced docket as requested in the Board's November 28, 2018 Notice.

Thank you.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Joseph A. Shea, Jr.", written in a cursive style.

Joseph A. Shea, Jr.

Attachment

**IN THE MATTER OF THE ALLOCATION
OF RENEWABLE PORTFOLIO
STANDARDS FOR BASIC
GENERATION SERVICE (BGS) FOR THE
PERIOD BEGINNING JUNE 1, 2019**

**BPU Docket No.
EO18111250**

**ATLANTIC CITY ELECTRIC COMPANY,
JERSEY CENTRAL POWER & LIGHT COMPANY,
PUBLIC SERVICE ELECTRIC AND GAS COMPANY
AND
ROCKLAND ELECTRIC COMPANY**

JOINT COMMENTS

December 10, 2018

On behalf of Atlantic City Electric Company (“ACE”), Jersey Central Power & Light Company (“JCP&L”), Public Service Electric and Gas Company (“PSE&G”), and Rockland Electric Company (“RECO”) (collectively, the “EDCs”), these comments are submitted to the New Jersey Board of Public Utilities (the “Board” or “BPU”).

On October 12, 2018, in BPU Docket No. ER18040356, the EDCs filed joint final comments in which the EDCs supported in part the Independent Energy Producers of New Jersey’s (“IEPNJ”) request for clarification on the Renewable Portfolio Standard (“RPS”) obligations of Basic Generation Service (“BGS”) suppliers following the enactment of P.L. 2018, c.17, the Clean Energy Act (the “Act”). The EDCs respectfully requested that, to provide full certainty to bidders in the upcoming BGS Auctions, the Board specify the Class I percentage that would be in effect from January 1, 2020 through May 31, 2020 and then for each Energy Year thereafter. With respect to the solar RPS percentage, the EDCs commented that the exact percentage that would apply to determine the obligations of non-exempt BGS suppliers cannot be determined ahead of time for Energy Years 2020 and 2021, because these obligations would depend on actual loads served by exempt and non-exempt entities. The EDCs respectfully asked the Board to confirm that no BGS supplier will face an increased solar requirement for Energy Year 2019. On November 19, 2018, the Board directed Staff to conduct a stakeholder meeting on how to implement the increased Class I obligations and specifically on how to allocate the increased solar RPS obligations over the next three Energy Years.

On November 28, 2018, Board Staff issued a Notice of a Public Meeting that was held on December 7, 2018. In this Notice, Staff provided the following issues for comment:

1. *How to allocate the solar RPS obligations of the exempt entities amongst the non-exempt entities. See Attachment A.*
2. *What the RPS requirements should be for Energy Year (EY) 2019, EY 2020, EY 2021, and EY 2022. See Attachment B.*

3. *Whether to consider solar obligations to be included within the overall Class I obligations as a carve-out, such that SRECs submitted to satisfy the solar RPS will also be counted toward the satisfaction of the total Class I RPS rather than being considered additive to the Class I RPS. See Attachment B.*

The EDCs note that several parties spoke at the public meeting on December 7. No written comments were provided and thus the EDCs are not responding herein to the positions put forth by those parties. The absence of comments by the EDCs should not be construed as their agreement with any of the positions taken.

The EDCs have no comment on the third issue provided by Staff above. The EDCs comment on the first two issues below.

I. Attachment A Provides a Method for Allocating the Solar RPS Obligations of Exempt Entities to Non-Exempt Entities; Attachment B Provides the RPS Requirements

The EDCs appreciate Staff putting forth Attachment A, which provides a step-by-step methodology for calculating the solar RPS obligations for exempt providers, as well as for non-exempt Third-Party Supplier (“TPS”)/BGS providers. At a high level, in any Energy Year, the allocation proposed by Staff would be calculated as follows:

- The aggregate solar RPS obligations (in MWs) on a statewide basis are determined by multiplying the percentage requirement in the Act (as provided in the first row of each period in Attachment B) by the MWs of electricity supplied statewide.
- The aggregate solar RPS obligations (in MWs) of exempt BGS providers are determined by multiplying the percentage requirement in effect when the contract was executed (as provided in the second row of each period in Attachment B, noted

with an asterisk) times the MWhs of electricity supplied by exempt BGS providers.

- The aggregate solar RPS obligations of non-exempt TPS/BGS providers (in MWhs) are determined by subtracting the solar RPS obligations of exempt providers from the solar RPS obligations on a statewide basis (percentage requirements currently cannot be provided and are not included in Attachment B).

The solar RPS obligation of any single non-exempt TPS/BGS provider is then determined as that TPS/BGS provider's market share of the aggregate solar RPS obligations of non-exempt TPS/BGS providers. The TPS/BGS provider's market share is its pro-rata share of non-exempt electricity supplied in the State.

The EDCs appreciate the step-by-step approach provided by Staff for the calculation of a non-exempt entity's obligation. In those steps, there are several references that are subject to interpretation. Thus, the EDCs respectfully request further clarification on two items, including the correct interpretation of the data provided as Attachment B.

First, Step 2i of Attachment A states that the total statewide solar obligation for all electricity supplied during the Energy Year should be determined with reference to "Table A". The EDCs seek to confirm that the percentage applicable statewide to all electricity supplied during the Energy Year is provided as the first row of each period in the "Solar Renewable Energy" column of Attachment B. The EDCs further seek to confirm that the percentage applicable only to exempt providers, which are BGS providers with existing contracts, is provided with an asterisk in the second row in the "Solar Renewable Energy" column of Attachment B. (The percentage applicable to non-exempt TPS/BGS providers is not provided as it would be calculated using Attachment A. The percentage applicable to all entities starting June 1, 2022 is provided in Attachment C.)

Second, Step 2ii of Attachment A states that the cumulative solar obligations for the exempt electricity that was supplied during the Energy Year will be available on the Board's NJCEP website. Attachment A does not include an explanation of how the exempt electricity will be determined. However, Attachment B and the quotes of the Act imply that the exempt electricity is the electricity supplied by BGS providers that have a supply contract effective before the Act became law on May 23, 2018. The EDCs seek to confirm that the following BGS providers are exempt in the following Energy Years:

- a. Energy Year 2019: All BGS providers are exempt. As of May 23, 2018, all BGS providers had existing BGS contracts (executed in February 2018, February 2017, or February 2016, respectively).
- b. Energy Year 2020: BGS-RSCP providers with contracts executed in February 2018 and in February 2017 are exempt.
- c. Energy Year 2021: BGS-RSCP providers with contracts executed in February 2018 are exempt.

Lastly, the EDCs and Auction Manager note that the Auction Manager will be responding to questions from bidders in the upcoming BGS Auctions on how their solar RPS obligations will be calculated. To the extent that bidders face uncertainty in this regard, this uncertainty could be reflected as a premium in their bids to the detriment of BGS customers. Thus, it is vital that the EDCs' and Auction Manager's understanding of the calculation of the solar RPS obligations in Attachment A be aligned with Staff's intent. To this end, the EDCs and Auction Manager have prepared a numerical example of the steps in Staff's Attachment A and seek confirmation that this numerical example is consistent with Staff's intent.

The numerical example, provided in Appendix 1 to these comments, displays four tables:

- Table 1 provides a sample breakdown of statewide load into BGS load and TPS load. All load figures are provided in thousands of MWhs and are illustrative (based loosely on Energy Year 2018). The purpose of this Table is to calculate illustrative figures for exempt electricity supplied.
- Table 2 provides data for an illustrative individual supplier. The purpose of this table is to illustrate Step 1 of Staff's Attachment A by calculating market shares based on the supplier's pro-rata share of non-exempt total MWhs.
- Table 3 provides the statewide, exempt, and non-exempt solar RPS obligations. The RPS percentage and exempt RPS percentage ((a) and (c)) are the figures from Attachment B. The purpose of this table is to illustrate Step 2 of Staff's Attachment A by calculating the non-exempt solar obligations.
- Table 4 provides the individual solar RPS obligations of a non-exempt TPS/BGS provider, noting that only TPSs are non-exempt for Energy Year 2019. The purpose of this table is to illustrate Step 3 of Staff's Attachment A.

II. Conclusion

In conclusion, the EDCs appreciate Staff providing a schedule of Class I obligations that covers the BGS-RSCP period and providing a method for determining non-exempt TPS/BGS providers solar RPS obligations. The EDCs respectfully request that the Board provide additional clarity by identifying the providers that are exempt, by confirming the EDCs' interpretation of the data in Attachment B, and by confirming the EDCs' and the Auction Manager's interpretation of the calculations in Attachment A.

All load figures in '000 of MWh. All load figures are illustrative.

Table 1. Sample Breakdown of Statewide Load in BGS and TPS

	BGS-CIEP MWh	BGS-RSCP MWh	TPS MWh	Statewide MWh	Exempt Total MWh (1)	Non-Exempt Total MWh
	(a)	(b)	(c)	(a) + (b) + (c)		
EY 2019	2,729	35,420	37,205	75,354	38,149	37,205
EY 2020	2,729	35,420	37,205	75,354	23,750	51,604
EY 2021	2,729	35,420	37,205	75,354	11,669	63,685

(1) Exempt load is all BGS load in 2019, approximately 2/3 of BGS-RSCP load in 2020, and approximately 1/3 of BGS-RSCP load in 2021

Table 2. Load Data of Individual Supplier

	Non-Exempt Total MWh	Non-Exempt Supplier MWh	Non-Exempt Supplier Market Share
	(1i)	(1ii)	(1iii) = (1ii) / (1i)
EY 2019	37,205	5,000	0.1344
EY 2020	51,604	5,000	0.0969
EY 2021	63,685	5,000	0.0785

Table 3. Statewide Solar Obligations, Exempt Solar Obligations, and Non-Exempt Solar Obligations

	RPS Percentage	Statewide MWh	Statewide Solar Obligations	Exempt RPS Percentage	Exempt Total MWh	Exempt Solar Obligations	Non-Exempt Solar Obligations
	(a)	(b)	(a) x (b) = (2i)	(c)	(d)	(c) x (d) = (2ii)	(2iii) = (2i) - (2ii)
EY 2019	4.30%	75,354	3,240.22	3.29%	38,149	1,255.10	1,985.12
EY 2020	4.90%	75,354	3,692.35	3.38%	23,750	802.75	2,890
EY 2021	5.10%	75,354	3,843.05	3.47%	11,669	404.9143	3,438.14

Table 4. Calculation of Non-Exempt Individual Supplier Obligations

	Third-Party Supplier	Effective Percent	BGS Supplier	Effective Percent
	(3) = (1iii) x (2iii)	(3) / (1ii)	(3) = (1iii) x (2iii)	(3) / (1ii)
EY 2019	266.78	5.336%	N/A (2)	N/A (2)
EY 2020	279.98	5.600%	279.98	5.600%
EY 2021	269.93	5.399%	269.93	5.399%

(2) All BGS Suppliers are exempt

Matthew M. Weissman
General State Regulatory Counsel

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December 10, 2018

VIA ELECTRONIC DELIVERY & OVERNIGHT MAIL

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue
3rd Floor, Suite 314
CN 350
Trenton, NJ 08625-0350

RE: DOCKET NO. EO18111250 - IN THE MATTER OF THE ALLOCATION
OF RENEWABLE PORTFOLIO STANDARDS FOR BASIC
GENERATION SERVICE (BGS) FOR THE PERIOD BEGINNING JUNE
1, 2019

Dear Secretary Camacho-Welch:

PSEG Services Corporation, on behalf of its affiliates PSEG Power LLC and PSEG Energy Resources & Trade LLC (collectively “PSEG” or the “Company”) appreciates the opportunity to provide comments on the above matters related to the Board’s implementation of the Clean Energy Act.

PSEG has a long history of partnering with the state and aligning its interests with those of New Jersey and specifically appreciates the Board’s approach to convening a stakeholder meeting to solicit comments on how to allocate the new Renewable Portfolio Standards to the upcoming Basic Generation Service tranches.

Consistent with the Clean Energy Act, P.L. 2018, c.17 (the “Act”), PSEG believes that the Board should allocate the new RPS requirements in a manner that grandfathers existing BGS supply contracts while remaining competitively neutral to BGS suppliers and retail energy providers. In order to achieve this end, PSEG offers the following:

1. PSEG concurs with the Board's proposed calculation methodology which allocates RPS requirements across exempt and non-exempt BGS tranches. In this way, the goals of the Act can be achieved by "overweighting" the new additional RPS requirements on to tranches serving Energy Year (EY) 2020 and EY 2021 to account for the increased requirements in those years.
 - a. When implementing this methodology, PSEG recommends that the Board verify retail loads submitted by retail providers to ensure accuracy. In the past when implementing the Solar Act of 2012, retail loads submitted by retail providers were not always consistent with aggregated retail loads, resulting in increased requirements on BGS suppliers. Verifying the loads submitted by retail providers will help the Board ensure that "all providers are subject to the new requirement in a manner that is competitively neutral among all providers and suppliers" as required by the Act.
 - b. PSEG also recommends that the BPU clarify and confirm that the Electric Distribution Companies (EDCs) should assess BGS supplier RPS compliance requirements based on retail load served, as required by the Act. Currently, EDCs assess BGS suppliers' RPS compliance obligations on wholesale load served, which results in an over-compliance with the State's RPS requirements and imposes higher effective RPS compliance obligations onto BGS suppliers than retail providers. Importantly, the current practice results in higher overall costs to ratepayers than the statute contemplates.
2. PSEG recommends that the Board clarify that the new, additional EY 2019 solar RPS compliance obligations are to be incurred equally over the 2020 through 2023 Energy Year periods, consistent with the 5-year banking life of SRECs. Specifically, the new requirements should be imposed on new BGS supply contracts awarded in the 2019 and 2020 BGS Auctions, and be due with compliance obligations submitted for the EY 2020, 2021, 2022, and 2023 time periods. This would minimize market price distortions, stabilize ratepayer costs, and ensure that the implementation is competitively neutral to BGS suppliers and retailers, to the extent practicable under the law.

3. Similar to the exemption provided to existing supply contracts granted with respect to the increased solar RPS requirements, PSEG recommends that the BPU grandfather existing BGS contracts from the new, additional Class 1 RPS requirements. As BGS supply contracts do not have change in law provisions, grandfathering existing BGS contracts from the new, additional Class 1 RPS requirements will help ensure continued confidence in BGS auctions and minimize costs to ratepayers by setting and maintaining the precedent of upholding requirements that are set at the time BGS supply is procured. PSEG recommends that the Board ensure compliance with the new, additional requirements using the same methodology used to determine solar RPS obligations for exempt and non-exempt load.

Once again, PSEG appreciates the opportunity to submit comments on these issues. We thank the Board for its consideration of our submission.

Respectfully submitted,



Matthew M. Weissman

December 9, 2018

Aida Camacho, Secretary
New Jersey Board of Public Utilities
44 S. Clinton Ave., 3rd Floor
Suite 314, CN 350
Trenton, NJ 08625

RE: I support accelerating NJ transition to renewable energy

Dear Ms. Camacho:

I am a New Jersey resident who wholeheartedly supports accelerating the transition to renewable energy in our state, especially given the dire projections in the recent National Climate Report released in November. Doing so is vital for my son's -- and New Jersey children's -- future.

In my everyday life, I try to do what I can help. I bought fully electric plug-in Chevrolet Bolt EV. Though my local utility company, I took advantage of a third-party provider agreement so the electricity I use in my home comes from 100% renewable sources. But of course, this needs to happen on a larger, statewide scale to have impact.

It would be fantastic to see investment in renewable infrastructure for solar and wind, and initiatives such as community solar so that New Jersey residents who are concerned about climate change can help the transition occur in tangible ways.

Thank you for the opportunity to express my opinion on this important issue.

Sincerely,

Pamela Barroway
18 Whitby Road
Cherry Hill, NJ 08003
856-489-3746
pambarroway@gmail.com



New Jersey School Boards Association

413 West State Street • Trenton, NJ 08618 • Telephone: 609.695.7600 • Toll-Free: 888.88NJSBA • Fax: 609.695.0413

Lawrence S. Feinsod, Ed.D.
Executive Director

December 7, 2018

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
Post Office Box 350
Trenton, New Jersey 08625

Subject: Docket No. EO18111250
In the Matter of the Allocation of Renewable Portfolio Standards for Basic
Generation Service (“BGS”) for the Period Beginning June 1, 2019

Dear Ms. Camacho-Welch:

In its Order dated November 19, 2018 in Docket No. ER18040356, the New Jersey Board of Public Utilities (“Board”) deferred action on two issues related to the impact of the 2018 Clean Energy Act (“CEA” or “Act”), pending a stakeholder process to be conducted by the Board Staff. The Board has also solicited stakeholder comments in the above-referenced matter with respect to, among other things, ‘how to allocate the solar RPS obligations of the exempt entities amongst the non-exempt entities.’ I am providing comments on behalf of the New Jersey School Boards Association (“NJSBA”), Lead Agency of the Alliance for Competitive Energy Services (“ACES”), an energy services group purchasing program in which more than 400 local school districts participate. ACES has a direct interest in the outcome of this matter, which involves the following:

- Utility suppliers’ responsibility under the Clean Energy Act to make up the cost of increased renewable energy requirements for the current energy year (2018-2019);
- Clarification that the utility supply contracts for the next energy year (2019-2020) will pick up the prospective share of the Act’s increased solar energy requirements, and
- Ensuring a healthy and vibrant Solar Renewable Energy Certificate (“SREC”) market.

The Alliance for Competitive Energy Services

ACES is a cooperative pricing system created by the NJSBA, the New Jersey Association of School Business Officials and the New Jersey Association of School Administrators and registered with the New Jersey Department of Community Affairs. The NJSBA represents the interests of all of New Jersey’s 581 local district boards of education (“districts”). ACES was created nearly 20 years ago to lower the cost of electricity and natural gas for the state’s public schools and, more recently, to create a vehicle for the implementation of sustainability initiatives. Currently, more

than 400 school districts participate in the ACES energy aggregation program, representing approximately 1 billion kilowatt-hours (“kwh”) in annual electricity usage.

ACES school districts began participating in the retail choice market in 2000 and have been receiving power supply under third-party contracts continuously since 2009. Aggregate savings for New Jersey taxpayers through ACES exceeds \$200 million. In recent years, ACES has supported the development of behind-the-meter solar renewable energy projects at schools throughout the state, resulting in significant additional savings while incorporating renewable energy education benefits. These initiatives further the goals of Governor Murphy and the Board to increase the use of renewable energy and grow New Jersey’s Green Energy economy.

Increased Renewable Energy Requirements

ACES’ current power supply contracts, which are expiring this month, reflect the pass-through of additional costs related to the Clean Energy Act’s greater solar renewable energy requirements, effective June 2018. In comparison, the utility suppliers’ tariff prices for power supply were not similarly impacted in 2018 because the Act grandfathered their pre-existing supply contracts from these requirements. This market mismatch diminished the savings that school districts received under the existing ACES power supply contracts.

Our new ACES power supply contracts—procured in November 2018 and effective this month—include both current and prospective costs associated with the Act’s higher renewable energy requirements. The savings projections that ACES used in awarding the contracts reflected language in the Act, which stated that the increased renewable energy requirements would be implemented in a competitively neutral manner. Based on that language, utility tariff rates taking effect in June 2019 would begin to reflect the utilities’ share of the current and prospective costs for the increased renewable energy requirements.

Based on the November 19, 2018 Order, there appears to be consensus among the parties that the utilities’ supply contracts resulting from the February 2019 auction will have to pick up the *prospective* (June 2019 and forward) share of the Act’s increased solar energy requirements. If so, this will certainly be helpful in alleviating the currently prevailing market distortion. I urge the Board to provide certainty and guidance on this issue.

However, it appears from the Order that there is still an outstanding issue involving the utility suppliers’ obligation to make up their share of increased solar requirements for the *current* energy year (2018-2019). An argument has been put forth that no utility supplier should be responsible to make up the shortfall for the *current* energy year. This would be eminently unfair to ACES members and the taxpayers of their communities.

As noted above, ACES districts are already paying higher prices that reflect their suppliers’ share of the higher solar obligation for the current energy year, resulting in diminished savings. If no utility supplier is required to pay for its unmet share of the increased solar requirement for the current energy year, one is left to assume that, by default, ACES’ suppliers and other retail suppliers would bear that cost. If so, it would perpetuate the current distortions in the competitive

marketplace and would likely result in change-in-law “pass-through” by our suppliers, further increasing prices for ACES districts and diminishing the cost savings they are counting on.

The Act clearly requires that the increase in mandated renewable energy be implemented in a “competitively neutral” manner. A Board Order to shift the utility suppliers’ share of increased solar requirements for the current energy year to ACES’ and other customers’ retail suppliers would undermine the competitive market. It would discriminate against those electricity customers—including hundreds of school districts—who currently participate in the retail choice marketplace and who are already paying their fair share of these costs. Accordingly, the Board’s final Order should clearly indicate that the utility suppliers’ share of increased solar requirements for the current year is the utility suppliers’ responsibility.

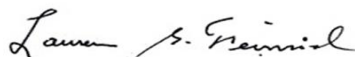
Finally, we strongly caution against relieving any supplier (utility or retail) of its obligation to pay toward the increased solar renewable energy requirements for the current energy year. Such action would be harmful to the school districts that have, or are planning to develop, cost-saving solar projects. ACES’ vibrant solar project development initiative, which contributes substantially to the state’s progress toward the Administration’s clean energy goals, is dependent on a healthy and vibrant Solar Renewable Energy Certificate (“SREC”) market. Not requiring any make-up of payment toward increased solar requirements for the current energy year would reduce the level of demand for SRECs and the growth of renewable energy projects, a direct contradiction of the intention and explicit provisions of the Act.

Summary

Permanently exempting utility suppliers from paying their share of the costs of the increased solar energy requirements for the current energy year would shift that burden to third-party suppliers who have already borne their share of this obligation. It would be discriminatory to ACES school districts and the thousands of other electric customers in the state who have chosen to participate in retail choice. Such action would harm New Jersey public schools and the local taxpayers who would be forced to pay for someone else’s share of the increase in the solar requirements. Simply put, the responsibility for the increases in the Clean Energy Act’s renewable solar energy requirements should be borne equally by all New Jersey electricity users and allocated in the competitively neutral manner stipulated by the Act.

Thank you for your consideration.

Sincerely,



Dr. Lawrence S. Feinsod
Executive Director

December 9, 2018

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
Post Office Box 350
Trenton, New Jersey 08625

Subject: Docket No. EO18111250
In the Matter of the Allocation of Renewable Portfolio Standards for Basic
Generation Service for the Period Beginning June 1, 2019

Dear Ms. Camacho-Welch:

I am writing to provide comments pertaining to the issue of the amount of solar renewable energy, more specifically, on the question of “how to allocate the solar Renewable Portfolio Standard (RPS) obligations of the exempt entities amongst the non-exempt entities”, to be included in the upcoming Basic Generation Service (BGS) Auction. This issue impacts the ability of my town (Glen Rock) to adopt a Renewable Government Energy Aggregation (R-GEA) program.

The purpose of this R-GEA program is to procure electricity supply for residents that has a higher renewable energy content at a lower price than the BGS power supply provided by PSE&G. Earlier this year Glen Rock conducted a competitive procurement process and in late May 2018, and again in August 2018, the town accepted bids from retail competitive suppliers; unfortunately, we have been unable to obtain beneficial pricing due to unfavorable market conditions. I understand that one of the significant contributing factors to the poor market conditions during 2018 has been the implementation of the higher solar renewable energy requirements in the Clean Energy Act (“CEA”). Specifically, I understand that competing suppliers bidding on our program have had to incorporate into their bids the higher solar energy requirements imposed on them via the CEA effective June 1, 2018. However, I further understand that the CEA grandfathered pre-existing PSE&G power supply contracts from these higher requirements, meaning that these costs have not yet been passed-through in PSE&G’s power supply prices, thus placing retail suppliers at a temporary competitive disadvantage. As a result, the retail suppliers are placed at an unfair competitive disadvantage compared to the large utilities.

I have assumed that this and certain other market distortions were only temporary, and that the issue concerning uneven application of solar requirements would be alleviated by June 2019 when the annual adjustment is made to PSE&G’s BGS tariff prices. Many in our town have been looking forward to successful re-bidding for the R-GEA program early next year on a more level playing field. However, we have been advised that, based upon the Board’s 11/19/18 Order, there is one potential outcome that could perpetuate the market distortion described above, and force suppliers bidding on our R-GEA program to continue to compete on an un-level playing

field. Specifically, this involves the 'make-whole' for the increase in solar requirements in the current energy year as it applies to the utilities' grandfathered, existing supply contracts. If competing retail suppliers are required to make-up for the shortfall in this year's solar requirements created by the grandfathering of the utilities' contracts, this would exacerbate the competitive disadvantage under which the suppliers bidding on the R-GEA program have been operating. This would dim our town's chances for the successful implementation of the R-GEA program.

The aim of the R-GEA program is to procure power supply that has a larger renewable energy content than the minimum content mandated by State law through the RPS, and to save our residents some money in the process, creating a 'win-win.' It would be sadly ironic if the State's implementation of the CEA, whose aim is to promote greater use of renewable energy in New Jersey, were to undermine my town's efforts to have enhanced clean energy. I urge the Board to make decisions in this matter that do not continue to place our R-GEA program at a competitive disadvantage to the less-green, utility-provided power supply, and that give the town a fair and reasonable opportunity to successfully implement its R-GEA program. In particular, if the Board decides there is to be a make-up for the current energy year's shortfall in solar requirements due to the grandfathering of the utilities' pre-existing supply contracts, it would be unfair to shift this burden onto suppliers who will be bidding to serve my town and whose bid prices would already include their fair share of the increased solar requirements.

I urge the Board to adopt these recommendations as it decides how to apportion the impact of the Clean Energy Act on the BGS auction to be conducted early next year. Your decision will go a long way towards determining the success of the efforts of Glen Rock and other municipalities that are diligently striving to procure renewable energy at a competitive price for residents.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Jones", with a stylized, cursive script.

Kenneth Jones
25 Warren Place
Glen Rock, NJ



**Comments of the New Jersey Solar Energy Coalition
Basic Generation Services and Clean Energy Rule Stakeholder Meeting
December 7, 2018.**

The New Jersey Solar Energy Coalition ("NJSEC"), respectfully submits comments in the above referenced matter on Docket No, EX18111244 and Docket No. EO18111250.

- **DOCKET NO. EX18111244 - IN THE MATTER OF RULEMAKING PROCEEDING TO AMEND THE RENEWABLE PORTFOLIO STANDARD TO P.L. 2018, c.17**

Governor Murphy's goal of achieving 50% renewable energy by 2030 and 100% renewable energy by 2050 are laudable and are fully supported by the members of the New Jersey Solar Energy Coalition. These aggressive targets, however, can only be achieved with the continuing support of New Jersey's electric and gas ratepayer's contribution in rates to create the financial incentives required to build out this extensive infrastructure. Clearly, the least expensive way to finance this program is to first make sure that we are appropriately counting the production of all eligible renewable resources toward the achievement of that goal. Therefore, we concur with the Board's recommendations to include New Jersey solar generation into the overall Class I compliance obligations as set forth in "Attachment C" in the Board's hearing notice. This proposal also appears to be completely consistent with definition of Class I renewable energy resources in the statutory definition below:

"Class I renewable energy" means electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, small scale hydropower facilities with a capacity of three megawatts or less and put into service after the effective date of P.L.2012, c.24, and methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner;

We also hope that the legislature will revisit this issue in the future when off shore wind resources become available to more appropriately also add these eligible renewable Class I resources toward the Class I obligations.

As NJSEC has observed on a number of occasions in testimony before the Board, more than 90% of the monies collected from New Jersey ratepayers for the current Class I program flows to out of state projects creating no clean energy jobs in New Jersey. The statutory mandate for Class I compliance increases dramatically over the next decade and will continue to rely heavily upon out of state clean energy generation. We are also pleased, therefore, that the Board

proposal rebalances the flow of these funds to more equitably reflect a balance in renewable energy job creation.

We also observe that Table “C” waits until EY2022 to make this transition in Class I / Solar REC accounting. This delay protects the Class I market from suffering any market price reduction resulting from a retroactive year to year reduction in Class I compliance requirements. While at first blush we would all like to seize any opportunity to immediately reduce New Jersey ratepayer expense in support of this program, we note that the Board is making clear its intent to honor past commitments to all market participants. Clearly, this is an important market stability signal that has not been overlooked by the investment community that has already invested more than \$10 billion in New Jersey solar energy development alone.

We commend the Board proposal as in this matter as a positive step to keeping faith with Governor Murphy’s goals, reducing ratepayer costs in support of this program and maintaining investor confidence.

- **Docket No. EO18111250 - IN THE MATTER OF THE ALLOCATION OF RENEWABLE PORTFOLIO STANDARDS FOR BASIC GENERATION SERVICE (BGS) FOR THE PERIOD BEGINNING JUNE 1, 2019**

NJSEC supports the Retail Energy Supply Association’s (RESA’s) interpretation of the Clean Energy Act of 2018 that the increase in solar RPS, as it relates to BGSPs, must be covered by non-exempt BGSP contracts. In addition, we also believe that new BGS contracts entered next year should account for the exempt energy year 2019 load. This is fair and would rebalance cost obligations appropriately to promote fair competition in the electric supply industry as is mandated in the law:

“Such incremental requirements that would have otherwise been imposed on exempt providers shall be distributed over the providers not subject to the existing supply contract exemption until such time as existing supply contracts expire and all providers are subject to the new requirement in a manner that is competitively neutral among all providers and suppliers. Notwithstanding any rule or regulation to the contrary, the board shall recognize these new solar purchase obligations as a change required by operation of law and implement the provisions of this subsection in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.”

NJSEC is pleased that the Board has convened this stakeholder process to address these important issues and supports these changes to advance ratepayer program cost reduction, increased investor confidence, and competitive neutrality in the energy supply marketplace.

Respectfully submitted,

A handwritten signature in black ink that reads "Fred DeSanti". The signature is written in a cursive, flowing style with a large initial "F" and "D".

Fred DeSanti
Executive Director, New Jersey Solar Energy Coalition

In the Matter of the Allocation of)
Renewable Portfolio Standards for Basic) Docket No. EO18111250
Generation Service (BGS) for the Period)
Beginning June 1, 2019.)

¹ See New Jersey Board of Public Utilities Notice of Basic Generation Services and Clean Energy Rule Stakeholder Meeting (November 28, 2018), available at <https://www.bpu.state.nj.us/bpu/pdf/publicnotice/Notice%20Stakeholder%20Meeting%20BGS%20and%20Clean%20Energy%20Rule%2011-28-18.pdf>.

II. CARBON SOLUTIONS GROUP

Carbon Solutions Group (CSG) is a distributed generation and community solar project developer. Headquartered in Chicago, Illinois, CSG has been active in the renewable energy industry since 2006. While CSG advocates its own position, it also seeks to support the structural integrity of environmental commodities markets generally.

III. NEW JERSEY RPS / BACKGROUND

The State of New Jersey has long pursued policies that encourage energy efficiency and renewable energy development. One such policy is its Renewable Portfolio Standard. Established in 1999, New Jersey's RPS initially required the state's electric generation suppliers to provide at least 4% of electricity from Class I renewable energy resources by 2012. The state legislature has since amended the RPS law several times, including most recently through the Act—A.B. 3723 (2018).

A.B. 3723 significantly increased applicable RPS benchmarks, requiring that 35% of electricity sold in New Jersey be derived from qualified Class I renewable energy sources by 2025—and 50% by 2030. It also enhanced solar-specific obligations, requiring 5.1% of electricity to be sourced from solar energy resources by 2021. The Act is clearly intended to strengthen the state's investment in renewables, further showcasing New Jersey's robust support for the clean energy marketplace.

IV. COMMENT

Over the last decade, the Board has treated the solar RPS as “additive” to the Class I RPS. Specifically, New Jersey's Administrative Code (“Code”) delineates the Class I obligation as distinct from the solar obligation by outlining the two different requirements in separate charts.² The Code currently requires at least 20% of the state's electricity supply to come from Class I and Class II renewable energy sources by 2020—exclusive of the solar RPS.³ To illustrate, Table A (as pulled directly from the Code and copied/pasted below) demonstrates that for the Energy Year commencing June 1, 2020 and ending May 31, 2021, 20.38% must come from the Class I and Class II tiers. Thus, under current practice, the state will achieve 20%

² See N.J.A.C. 14:8-2.3. Table A and B depict the solar energy obligation as “additive,” separate/distinct from the Class I renewable energy obligation.

³ *Id.*

overall RPS by 2020, exclusive of the 3.470% solar obligation for that same year, as illustrated in Table B (pulled directly from the Code and copied/pasted below).⁴

Table A:

Energy Year	Class I Renewable Energy	Class II Renewable Energy
June 1, 2015 – May 31, 2016	9.649%	2.50%
June 1, 2016 – May 31, 2017	10.485%	2.50%
June 1, 2017 – May 31, 2018	12.325%	2.50%
June 1, 2018 – May 31, 2019	14.175%	2.50%
June 1, 2019 – May 31, 2020	16.029%	2.50%
June 1, 2020 – May 31, 2021	17.880%	2.50%

Table B:

Energy Year	Statewide Solar Obligation in GWs or Percentage of Retail Sales
June 1, 2015 – May 31, 2016	2.750%
June 1, 2016 – May 31, 2017	3.000%
June 1, 2017 – May 31, 2018	3.200%
June 1, 2018 – May 31, 2019	3.290%
June 1, 2019 – May 31, 2020	3.380%
June 1, 2020 – May 31, 2021	3.470%
June 1, 2021 – May 31, 2022	3.560%
June 1, 2022 – May 31, 2023	3.650%
June 1, 2023 – May 31, 2024	3.740%
June 1, 2024 – May 31, 2025	3.830%
June 1, 2025 – May 31, 2026	3.920%
June 1, 2026 – May 31, 2027	4.010%
June 1, 2027 – May 31, 2028	4.100%

⁴ See also NJ RPS Compliance Report, http://www.njcleanenergy.com/files/file/rps/EY17/NJ%20RPS%20Compliance%20EY%202017%20Final%20Results%2011_2_17.pdf. The figures included in the EY 2017 column are consistent with an “additive” approach.

The additive practice evidenced above was and still is consistent with state law. The Board now seeks feedback on a proposal to include the solar obligations within the Class I tier, allowing Solar Renewable Energy Credits (“SRECs”) and other solar-specific compliance measures to “count” towards compliance with the Class I benchmarks.

We believe the proposed “inclusive” practice would represent an unnecessary deviation from current state policy and would impede New Jersey’s commitment to renewable energy. If the Board establishes a new Inclusive Approach, overall RPS demand in the region would plummet, and past gains in the renewable energy marketplace would diminish. Our calculations indicate an Inclusive Approach would halt RPS demand growth for over two years, with demand for RECs not exceeding 2018 levels until 2021. As a result, prices and costs associated with renewable energy would increase, defeating the entire purpose of the most recent 2018 legislation (which sought to further facilitate the proliferation of renewable energy technology).

We also note that the Clean Energy Act contains no language evidencing a change to current policy or suggesting that solar obligations should now be considered a “carve-out” from the Class I tier. In fact, certain provisions contained in the Act actually conflict with an “inclusive” approach.⁵ Given the Board’s past “additive” treatment of solar obligations and the lack of statutory language supporting any other regulatory practice, the Board should reject the Inclusive Approach and maintain the status quo. New Jersey’s solar RPS should continue to be considered an addition to its Class I RPS.

⁵ By comparison, New Jersey’s offshore wind RPS obligation operates as a clear “carve-out” of the Class I benchmarks. *See* A.B. 3723 P. 9, Lines 34-38. The law explicitly states that the offshore wind RPS benchmark “shall reduce the corresponding Class I renewable energy requirement.” *Id.* By analogy, if the legislature intended to adopt an Inclusive Approach with respect to solar, it would have included similar (solar-specific) “carve-out” language in A.B. 3723. No such language exists in the bill or under state law.

V. CONCLUSION

The Inclusive Approach is inconsistent with current state policy and enjoys zero statutory support. It runs contrary to the underlying objective of the recently-passed Clean Energy Act, which sought to bolster (not restrict) the state's RPS. Its adoption would represent a step backward for the state and would stand in stark contrast to the progress New Jersey has achieved to date in the clean energy arena.

CSG appreciates the opportunity to provide these comments. We look forward to ongoing collaboration and continued dialogue with the Board and other energy stakeholders.

Respectfully Submitted,

Rory Gopaul
Director of Biocommodities
Carbon Solutions Group
RMGopaul@carbonsolutionsgroup.com
312.498.6446

**BEFORE THE
NEW JERSEY BOARD OF PUBLIC UTILITIES**

In the Matter of the Rulemaking)	
Proceeding to Amend the Renewable)	Docket No. EX18111244
Portfolio Standard to P.L. 2018, c. 17.)	

**COMMENTS OF
CARBON SOLUTIONS GROUP**

I. INTRODUCTION

On May 23, 2018, New Jersey Governor Phil Murphy signed P.L. 2018, c. 17 (A.B. 3723), also known as the Clean Energy Act (“Act”), which made various changes to the state’s Renewable Portfolio Standard (“RPS”). On November 19, 2018, the New Jersey Board of Public Utilities (“Board”) directed its staff to conduct a stakeholder meeting regarding implementation of the Act’s increased Class I and solar RPS obligations. The Board also indicated its intent to initiate a rulemaking proceeding to address the Act’s new statutory provisions.

On November 28, 2018, the Board invited all interested parties to comment on various issues pertaining to the Act’s implementation. In particular, the Board requested feedback on the question of “[w]hether to consider solar obligations to be included within the overall Class I obligations as a carve-out, such that SRECs submitted to satisfy the solar RPS will also be counted toward the satisfaction of the total Class I RPS rather than being considered additive to the Class I RPS.” (Hereinafter the “Inclusive Approach”).¹

¹ See New Jersey Board of Public Utilities Notice of Basic Generation Services and Clean Energy Rule Stakeholder Meeting (November 28, 2018), available at <https://www.bpu.state.nj.us/bpu/pdf/publicnotice/Notice%20Stakeholder%20Meeting%20BGS%20and%20Clean%20Energy%20Rule%2011-28-18.pdf>.

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A.B. 3723 significantly increased applicable RPS benchmarks, requiring that 35% of electricity sold in New Jersey be derived from qualified Class I renewable energy sources by 2025—and 50% by 2030. It also enhanced solar-specific obligations, requiring 5.1% of electricity to be sourced from solar energy resources by 2021. The Act is clearly intended to strengthen the state's investment in renewables, further showcasing New Jersey's robust support for the clean energy marketplace.

IV. COMMENT

Over the last decade, the Board has treated the solar RPS as “additive” to the Class I RPS. Specifically, New Jersey's Administrative Code (“Code”) delineates the Class I obligation as distinct from the solar obligation by outlining the two different requirements in separate charts.² The Code currently requires at least 20% of the state's electricity supply to come from Class I and Class II renewable energy sources by 2020—exclusive of the solar RPS.³ To illustrate, Table A (as pulled directly from the Code and copied/pasted below) demonstrates that for the Energy Year commencing June 1, 2020 and ending May 31, 2021, 20.38% must come from the Class I and Class II tiers. Thus, under current practice, the state will achieve 20%

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overall RPS by 2020, exclusive of the 3.470% solar obligation for that same year, as illustrated in Table B (pulled directly from the Code and copied/pasted below).⁴

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⁴ See also NJ RPS Compliance Report, http://www.njcleanenergy.com/files/file/rps/EY17/NJ%20RPS%20Compliance%20EY%202017%20Final%20Results%2011_2_17.pdf. The figures included in the EY 2017 column are consistent with an “additive” approach.

The additive practice evidenced above was and still is consistent with state law. The Board now seeks feedback on a proposal to include the solar obligations within the Class I tier, allowing Solar Renewable Energy Credits (“SRECs”) and other solar-specific compliance measures to “count” towards compliance with the Class I benchmarks.

We believe the proposed “inclusive” practice would represent an unnecessary deviation from current state policy and would impede New Jersey’s commitment to renewable energy. If the Board establishes a new Inclusive Approach, overall RPS demand in the region would plummet, and past gains in the renewable energy marketplace would diminish. Our calculations indicate an Inclusive Approach would halt RPS demand growth for over two years, with demand for RECs not exceeding 2018 levels until 2021. As a result, prices and costs associated with renewable energy would increase, defeating the entire purpose of the most recent 2018 legislation (which sought to further facilitate the proliferation of renewable energy technology).

We also note that the Clean Energy Act contains no language evidencing a change to current policy or suggesting that solar obligations should now be considered a “carve-out” from the Class I tier. In fact, certain provisions contained in the Act actually conflict with an “inclusive” approach.⁵ Given the Board’s past “additive” treatment of solar obligations and the lack of statutory language supporting any other regulatory practice, the Board should reject the Inclusive Approach and maintain the status quo. New Jersey’s solar RPS should continue to be considered an addition to its Class I RPS.

⁵ By comparison, New Jersey’s offshore wind RPS obligation operates as a clear “carve-out” of the Class I benchmarks. *See* A.B. 3723 P. 9, Lines 34-38. The law explicitly states that the offshore wind RPS benchmark “shall reduce the corresponding Class I renewable energy requirement.” *Id.* By analogy, if the legislature intended to adopt an Inclusive Approach with respect to solar, it would have included similar (solar-specific) “carve-out” language in A.B. 3723. No such language exists in the bill or under state law.

V. CONCLUSION

The Inclusive Approach is inconsistent with current state policy and enjoys zero statutory support. It runs contrary to the underlying objective of the recently-passed Clean Energy Act, which sought to bolster (not restrict) the state's RPS. Its adoption would represent a step backward for the state and would stand in stark contrast to the progress New Jersey has achieved to date in the clean energy arena.

CSG appreciates the opportunity to provide these comments. We look forward to ongoing collaboration and continued dialogue with the Board and other energy stakeholders.

Respectfully Submitted,

Rory Gopaul
Director of Biocommodities
Carbon Solutions Group
RMGopaul@carbonsolutionsgroup.com
312.498.6446



December 10, 2018

VIA ELECTRONIC MAIL

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
Post Office Box 350,
Trenton, New Jersey 08625

Re: Docket No. EO18111250 and Docket No. EX18111244

Dear Ms. Aida Camacho-Welch:

The Mid-Atlantic Renewable Energy Coalition (“MAREC”) appreciates the opportunity to comment on the issues posed by the Board Staff of the Board of Public Utilities (“BPU” or “Board”) for In the Matter of The Allocation of Renewable Energy Portfolio Standards for Basic Generation Service (BGS) for the Period Beginning June 1, 2019 (Docket No. EO18111250) and In the Matter of Rulemaking Proceeding to Amend the Renewable Portfolio Standard to P.L. 2018, C.17 (Docket No. EX18111244).

MAREC is a nonprofit organization that was formed to help advance the opportunities for renewable energy development primarily in the region where the Regional Transmission Organization, PJM Interconnection operates. MAREC’s footprint includes New Jersey and eight other jurisdictions in the region. MAREC members include utility scale wind and solar developers, including offshore wind developers, wind turbine manufacturers and non-profit organizations dedicated to the growth of renewable energy technologies. MAREC members have developed, own, and operate thousands of megawatts of renewable energy serving the PJM territory, including projects serving customers in New Jersey.

MAREC will comment on several of the issues raised by Board Staff in Docket No. EO18111250 and then in Docket No. EX18111244.

I. Docket No. EO18111250, the Basic Generation Service Matter

Issue 3: MAREC has serious concerns with the idea that the Board could suddenly shift gears and include the solar obligations in the overall Class I obligations as a carve-out within the Class I requirements, which is Issue 3 in of the Board Staff's issues under this docket. This is not how the Board has treated the solar obligation over time. N.J.A.C. 14:8-2.3(a) lists out the Class I and Class II requirements separately, without the solar carve-out, and N.J.A.C. 14:8-2.3(k) treats the solar separately as additive to the Class I and Class II requirements.

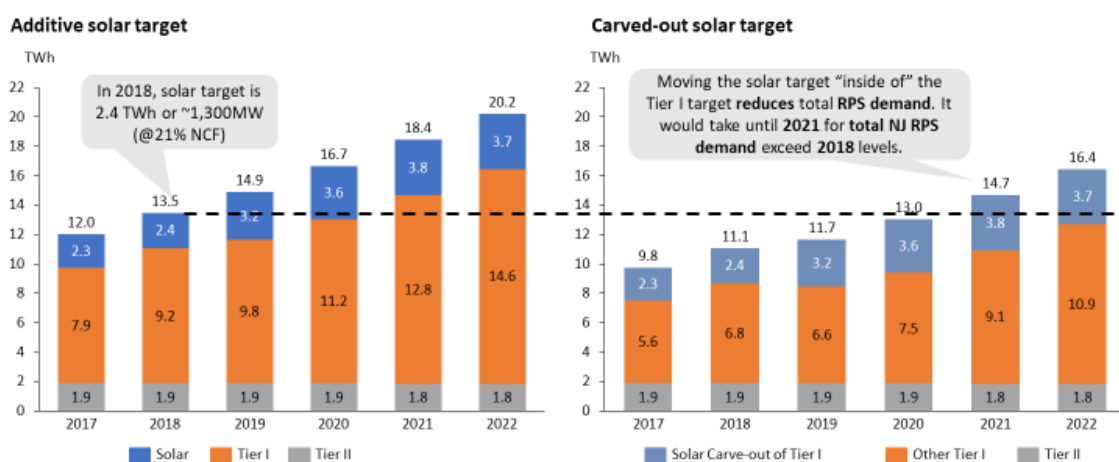
There was no mention of this change in Assembly Bill 3723 when it was enacted earlier this year. In fact, using offshore wind as a comparison, since 2010, NJ law has clearly referred to the offshore wind obligation as a carve-out within the Class I obligation. Notably, the law has stated that the offshore wind obligation shall serve as an offset to the renewable portfolio standard (specifically the Class I obligation) and the OSW obligation "shall reduce the corresponding Class I renewable energy requirement." L. 2010, c. 57, § 38. No such corresponding language was added to the solar obligation as part of Assembly Bill 3723 to warrant a change in the in the way the obligation is treated.

Moreover, the Board when constructing its regulations for offshore wind unequivocally determined when it promulgated N.J.A.C. 14:8-6.2 (c) that the "OREC obligations are a component of Class I renewable energy requirements, and satisfaction of OREC obligations shall be counted toward Class I renewable energy requirements." In the case of the solar obligation, the Board has dealt with the solar obligation as additive to (and not a component of) the Class I requirement within the RPS. At the very least, any change to the treatment, if warranted as a result of the legislation, would have to be effectuated in a rulemaking under the Administrative Procedures Act and this BGS proceeding is clearly the wrong vehicle to accomplish this change. In any event, we do not believe that the legislation warrants such a change.

MAREC also believe from a policy perspective that this change raises serious concerns. It clearly contradicts the intent of the legislation by reducing the Class I RPS requirements to a point below where they would have been under the previous standard, whereas it would take until 2021 for total RPS demand to eventually exceed the 2018 levels. It would also be

disruptive to REC market prices by reducing demand. This could have an impact on the ability of renewable energy developers to finance projects. The graph below shows the problem, where New Jersey would be taking a substantial step backwards from where it stands without the solar obligation being additive to the position it would be in if the BPU reversed course and determined that the obligation should reside inside of the Tier I target.

By changing NJ's solar goal from an additive target to a carve-out of Tier I, RPS demand growth is delayed by 2 years



1

In years 2019 and 2020, New Jersey would actually be behind the levels required before the enactment of Assembly Bill 3723.

This is antithetical to the Governor's and Legislature's wishes, through the enactment of Assembly Bill 3723, in immediately taking greater steps to combat greenhouse gas emissions, rely more on renewable energy and grow the green economy. The Governor issued Executive Order No. 28 ("EO 28") on May 23, 2018 (the same day he signed a. 3723), which initiated the 2019 Energy Master Plan ("EMP") process, whereby he directly addressed the State's need to address harmful emissions from fossil fuel energy generation and called for the "shift away from its reliance on fossil fuels as a primary energy source and turn to clean energy sources." EO 28 also directed that the EMP to provide a roadmap for New Jersey to convert to 100% clean energy resources by 2050.

This 2019 Energy Master Plan (the “2019 Plan”) shall provide a comprehensive blueprint for the total conversion of the State’s energy production profile to 100% clean energy sources on or before January 1, 2050, and shall further provide specific proposals to be implemented over the next ten (10) years in order to achieve the January 1, 2050 goal. EO 28 at p. 2.

Taking a major step backward as the graph above details was not intended. Consequently, it is MAREC’s position that the BPU should not consider the solar obligations to be included in the overall Class I obligations and that this requirement should continue to be considered additive.

II. Docket No. EX18111244, The Rulemaking Proceeding

Issue 1: Now, moving on to Issue I in Docket No. EX18111244, the rulemaking proceeding to amend the renewable portfolio. We make essentially the same arguments that we presented in the BGS docket as far as the solar obligations should be additive to the Class I RPS.

However, MAREC does take issue with the BPU’s treatment of solar energy emanating from out-of-state projects, an issue distinct from whether the BPU would treat the solar obligation as additive or a carve-out within the class one obligation. There is no reason for the BPU to continue to treat out-of-state solar projects differently than other renewable energy projects, like wind energy projects, as far as obtaining REC treatment to count towards the Class I requirements. We agree that these projects should not count as SRECs towards meeting the solar obligations as the law does restrict solar facilities to those “connected to the distribution system”, but there is no basis whatsoever to keep these projects from counting towards meeting the Class I obligation.

Class I renewable energy by definition includes energy produced from “solar technologies” and “photovoltaic technologies.” N.J.S.A. 48:3-51. There is no discussion as to a distinction between treating solar facilities differently if they are in-state or out-of-state for purposes of **REC** treatment as the Board currently does.

The more lower cost resources, like out-of-state solar, that can be used for compliance purposes, the lower the cost for ratepayers and the benefits of a lower carbon future are

achieved either by using emission free wind or solar resources. There should be no differentiation of solar power in this instance. MAREC takes issue with the treatment and respectfully request that the Board take the required action in this docket to correct this disparity that has no legal import but does have a direct impact on cost paid by New Jersey ratepayers who do not have access to the lower cost emission-free energy that these facilities produce.

MAREC appreciates the opportunity to provide these comments and looks forward to continued dialogue on these important issues.

Sincerely,



Bruce H. Burcat, Esq.
Executive Director
Mid-Atlantic Renewable Energy Coalition
29 N. State Street, Suite 300
Dover, Delaware 19901
302-331-4639
bburcat@marec.us

c. Rule.Comments@bpu.nj.gov



December 7, 2018

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
P.O. Box 350
Trenton, NJ 08625

Re: Docket No. EX18111244 – In the Matter of Rulemaking Proceeding to Amend the Renewable Portfolio Standard pursuant to P.L.2018, c.17.

Dear Ms. Camacho-Welch,

Please find comments of Community Energy, Inc. on Docket No. EX18111244 – In the Matter of Rulemaking proceeding to amend the Renewable Portfolio Standard pursuant to P.L.2018, c.17; more specifically, on Question # 2: whether the treatment of the increased Class I RPS obligations and the treatment of solar RPS are appropriately set forth in Attachment C.

At issue is the definition of Class I Renewable Energy. While the RPS statutory definition of Class I Renewable Energy includes Solar Power, the Board has made a practice of excluding solar power from Class I eligibility, in clear contradiction to the statute. For example, a wind farm in Ohio may supply the Class I obligation, but a solar farm in Ohio may not.

This exclusion is not widely known. The plain reading of the statute would not suggest it. My company, Community Energy, only became aware of this policy when working to certify an out-of-state solar project from Virginia as a Class I resource. This project is not generating RECs for Virginia, in fact Virginia does not have a REC market, but should by statute qualify as a Class I resource in New Jersey. But yet we were told by staff that the project would not qualify and would not be certified as Class I. This policy has not received the level of public discussion it warrants.

And to be clear, we are not talking about SRECs. SRECs are from solar projects connected to the distribution system in New Jersey, therefore in-state projects. I am referring only to Class I renewable energy which is defined in the statute and generally comes from projects outside New Jersey within the PJM Grid.

The statutory definition of Class I resources clearly includes solar power without qualification. Since the inception of the RPS, Class I obligations have been supplied from projects outside New Jersey within the PJM grid that serves the state. The vast majority of the Class I market is supplied by wind power facilities and the vast majority of those are in Illinois, Ohio, Pennsylvania and Indiana. The policy of the Board allows wind farms in



these states to supply Class I obligations but does not allow solar facilities in those same states to supply Class I, despite the fact that the statutory definition of Class I treats these technologies the same.

Why would the Board discriminate against a Class I resource, artificially and unnecessarily reducing the supply of Class I renewable resources, especially in the light of an expanded Class I obligation? This is a critical question for the Board and the ratepayers.

As we all know from our first Economics classes, when you increase demand and reduce supply, prices rise. One need only look across the river to Pennsylvania, where the RPS also includes a solar carve out like New Jersey's, supplied by in-state projects, and a Class I market just like New Jersey, but allows solar power from the PJM grid. Pennsylvania ratepayers pay less for their Class I compliance than New Jersey ratepayers. And that is before the increases in New Jersey Class I demand take effect.

As the Board examines questions of how to comply with the increased Class I obligations, we encourage the Board to follow the statute and open Class I to solar power. Solar power is the fastest growing technology in the region, there is a growing supply of utility-scale projects operating and under development within the PJM grid region that serves the state. Excluding these projects from Class I increases costs to ratepayers while offering no apparent benefit. Why would the ratepayers of New Jersey pay a higher compliance cost to buy Class I RECs from wind farms in Ohio, but not solar farms in Ohio? What is the benefit to the ratepayers of this exclusion of solar from the Class I market? This is a critical question that needs to be asked in any discussion of how to comply with the increased Class I demand.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jay Carlis", is positioned above the printed name.

Jay Carlis
Executive Vice President
Community Energy, Inc.



State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P.O. BOX 003
TRENTON, NEW JERSEY 08625

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

STEFANIE A. BRAND
Director

December 10, 2018

VIA ELECTRONIC MAIL (rule.comments@bpu.nj.gov)
AND HAND-DELIVERY

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue, 3rd Floor, Suite 314
Trenton, New Jersey 08625-0350

**Re: In the Matter of the Allocation of Renewable Portfolio Standards for
Basic Generation Service (BGS) for the Period Beginning June 1,
2019.
BPU Docket No. EO18111250**

**In the Matter of Rulemaking Proceeding to Amend the Renewable
Portfolio Standard to P.L. 2018, c. 17
BPU Docket No. EX18111244**

Dear Secretary Camacho-Welch:

Enclosed please find the original and then copies of the comments of New Jersey
Division of Rate Counsel ("Rate Counsel") in connection with the above-captioned matters.

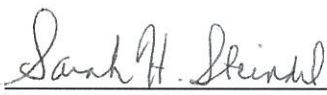
We are enclosing one additional copy of the comments. Please stamp and date the extra
copy as "filed" and return it in our self-addressed stamped envelope.

The Honorable Aida Camacho-Welch, Secretary
December 10, 2018
Page 2

Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: 
Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel

c: OCE@bpu.state.nj.us
Rule.Comments@bpu.nj.gov
Kenneth Sheehan, BPU
Sherri Jones, BPU
Scott Hunter, BPU
Noreen Giblin, Esq., BPU
Rachel Boylan, Esq., BPU
Caroline Vachier, DAG

STATE OF NEW JERSEY
BEFORE THE BOARD OF PUBLIC UTILITIES

In the Matter of the Allocation of)	BPU Docket No. EO18111250
Renewable Portfolio Standards for Basic)	
Generation Service (BGS) for the Period)	
Beginning June 1, 2019)	
)	
In the Matter of Rulemaking Proceeding)	BPU Docket No. EX18111244
to Amend the Renewable Portfolio)	
Standard to <u>P.L.</u> 2018, <u>c.</u> 17)	
)	

COMMENTS OF THE
NEW JERSEY DIVISION OF RATE COUNSEL

December 10, 2018

INTRODUCTION

The Division of Rate Counsel (“Rate Counsel”) would like to thank the Board of Public Utilities (“Board” or “BPU”) for the opportunity to provide comments on changes to the Class I Renewable Portfolio Standard (RPS) and solar obligations to be implemented in compliance with P.L. 2018, c. 17, known as the “Clean Energy Act.” On November 28, 2018 the Board issued a notice seeking stakeholder input and requesting written comments on (1) the RPS and an allocation of RPS obligations that will be in effect for the upcoming Basic Generation Service Auction for the period beginning June 1, 2019, and (2) proposed amendments to the RPS to be implemented through a rulemaking to be initiated by the Board. The notice and request for comments outlined five issues for comment. Rate Counsel’s comments in response to these questions are offered below.

Docket No. EO18111250 - In The Matter of the Allocation of Renewable Portfolio Standards for Basic Generation Service (BGS) for the period beginning June 1, 2019

- 1. How to allocate the solar RPS obligations of the exempt entities amongst the non-exempt entities. See Attachment A.**

The Clean Energy Act provision quoted in the Board’s notice requires that the obligations of exempt “providers,” defined in N.J.S.A. 48:3-51 as “provider[s] of basic generation service,” to be re-allocated to non-exempt “providers.” Rate Counsel is in agreement with the comments presented at the December 7, 2018 public meeting in this matter that these obligations should not be allocated to third-party suppliers. In the absence of non-exempt BGS providers for Energy Year 2019, these obligations should be re-allocated to a later energy year or years. Rate Counsel’s would recommend spreading these obligations over two energy years, EY2020 and EY2021, rather than allocating them to a single future energy year.

- 2. What the RPS requirements should be for Energy Year (EY) 2019, EY 2020, EY 2021, and EY 2022. See Attachment B.**

Rate Counsel has no objection to the RPS implementation timetable shown in Attachment B. Staff’s proposal reflects a reasonable schedule for implementing the statutorily required increase in the Class I RPS.

3. Whether to consider solar obligations to be included within the overall Class I obligations as a carve-out, such that SRECs submitted to satisfy the solar RPS will also be counted toward the satisfaction of the total Class I RPS rather than being considered additive to the Class I RPS. See Attachment B.

The solar obligation should be considered as within the overall Class I obligations as a carve-out. This is the approach contemplated in the relevant statutory and rule provisions. The definition of Class I Renewable Energy in N.J.A.C. 14:8-1.2, which is identical to the statutory definition found in N.J.S.A. 48:3-51 includes solar energy:

“Class I renewable energy” means electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, small scale hydropower facilities with a capacity of three megawatts or less and put into service after the effective date [July 23, 2012] of P.L.2012, c.24, and methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner.

Further, N.J.A.C. 14:8-2.5 includes the following provisions:

(a) This section sets forth the types of energy that qualify as class I renewable energy for the purposes of issuance of a class I REC usable for compliance with this subchapter. The Board has determined that energy listed at (b) below qualifies as class I renewable energy, with no prior approval required. Energy listed at (d) and (e) below shall qualify as class I renewable energy if the conditions specified in those subsections are met.

(b) The following qualify as Class I renewable energy for the purposes of this subchapter, with no prior approval required:

1. Solar electric generation in the form of solar RECs;

This provision specifically contemplates that Solar Renewable Energy Certificates (“SRECs”) are to be counted toward the satisfaction of energy suppliers required percentage of Class I Renewable Energy.

The alternative approach of adding the Solar RPS to the Class I RPS would, in effect, increase the Class I RPS above the Clean Energy Act requirements. The Clean Energy Act establishes caps on the rate increases that can be implemented to achieve the State’s Class I renewable energy goals, effectively creating a limited budget for incentives for Class I renewable energy resources. N.J.S.A. 48:3-87(d)(2). In view of the limited resources available under the cost cap, the Board’s RPS should not exceed the statutory requirements.

Docket No. EX18111244 – In the Matter of Rulemaking proceeding to amend the Renewable Portfolio Standard pursuant to P.L.2018, c.17

- 1. Whether to consider solar obligations to be included within the overall Class I obligations as a carve-out, such that SRECs submitted to satisfy the solar RPS will also be counted toward the satisfaction of the total Class I RPS rather than being considered additive to the Class I RPS. See Attachment C.**

For the reasons explained in the response to Question 3 above, solar obligations should be considered as within the overall Class I obligations as a carve-out.

- 2. Whether the treatment of the increased Class I RPS obligations and the treatment of solar RPS are appropriately set forth in Attachment C.**

Rate Counsel has no objection to the RPS implementation timetable shown in Attachment C. Staff's proposal reflects a reasonable schedule for implementing the statutorily required increase in the Class I RPS.

MURRAY E. BEVAN
mbevan@bmg.law

December 10, 2018

VIA ELECTRONIC MAIL

The Honorable Aida Camacho-Welch
Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Trenton, NJ 08625-0350

Re: *I/M/O the Allocation of Renewable Portfolio Standards for Basic Generation Service for the Period Beginning June 1, 2019*
Docket No. EO18111250

Dear Secretary Camacho-Welch:

This firm represents the Retail Energy Supply Association (“RESA”),¹ a diverse group of retail electric and gas suppliers that share a common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than do vertically-integrated, regulated utility providers. RESA provided comments at the December 7 stakeholder meeting in the above captioned matter. These written comments are intended to supplement RESA’s testimony and respond to Questions 1, 2, and 3 in the meeting notice for the above captioned docket.

1. How to allocate the solar RPS obligations of the exempt entities amongst the non-exempt entities. See Attachment A.

It is unclear from the Board’s stakeholder meeting notice how the shortfall in solar renewable portfolio standard (“RPS”) requirements for EY 2019 attributable to the exempt basic generation service provider (“BGSP”) contracts during EY 2019 is proposed to be made-up, but

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

one interpretation could be that such shortfall would not fall upon 2019 and 2020 BGSP contracts at all and that, instead, it would fall upon third party supplier (“TPS”) contracts. If this were to occur (exempting future BGSP contracts from responsibility for the EY 2019 solar shortfall caused by exempting pre-existing BGSP contracts), New Jersey TPS customers would be severely harmed by a requirement that TPSs account for not only their own portion of the increased solar RPS supplier load but also the exempt load of the BGSPs.² This action targeting TPS customers will result in tens of millions of dollars of additional, unanticipated and unforeseen customer charges. Such a result would be in clear violation of the 2018 Clean Energy Act, P.L. 2018, C. 17, which requires that non-exempt BGSPs (i.e., those BGSP contracts entered after the enactment of the Clean Energy Act) account for exempt BGSP load. The statute, cited in part below, clearly requires *providers* to account for the exempt *provider* load.

Such incremental requirements that would have otherwise been imposed on exempt providers **shall be distributed over the providers not subject to the existing supply contract exemption** until such time as existing supply contracts expire and all providers are subject to the new requirement **in a manner that is competitively neutral among all providers and suppliers.**

(emphasis added). N.J.S.A. 48:3-87(d)(3)(c). RESA also notes that this section of the statute requires a “competitively neutral” application of the law. Clearly, requiring TPSs to pay for their own and the BGSP exempt load is contrary to the statute’s competitive neutrality provision.

The Solar Energy Advancement and Fair Competition Act, (“SEAFCA”), P.L. 2009, C. 289, was specifically amended in 2012 to remove the provision requiring TPSs and non-exempt BGSP providers to pay for the BGSP exempt load. Any interpretation by the Board that would require TPSs (“electric power suppliers,” or “suppliers”) to account for exempt BGSP load would not only violate the provision of the current statute requiring non-exempt BGSPs to account for exempt BGSP load, it also violates the requirement for the law to be applied in a “competitively

² By statute, BGSPs are defined as “providers” while TPSs are referred to as “electric power suppliers.” N.J.S.A. 48:3-51.

neutral” manner *and* further violates the provisions of the law prohibiting supplier subsidization of providers. N.J.S.A. 48:3-87(d)(3)(c).

An interpretation of the Act by the Board that would require TPSs to account for exempt BGSP load is particularly perplexing as none of the parties offering testimony at the public hearing on December 7 took the position that TPSs be responsible for their own obligation as well as the exempt BGSP obligation. The Independent Energy Producers of New Jersey (“IEPNJ”) and the Solar Energy Coalition support the same position as RESA – BGSPs should account for the exempt EY 2019 BGSP load in EY 2020. RESA also refers to the final comments filed by the EDCs in the 2019 BGS Auction proceeding which includes a proposed calculation for *providers* to use to account for the exempt *provider* load in the next BGS auction.³

There are additional consequences if the Board adopts the competitively harmful outcome described above. More than six months into EY 2019, Board Staff would have to estimate the BGSP load for 2019 and communicate it to TPSs, and in turn, TPSs would have to modify their billings systems and include the increased cost in their billings to customers. In other words, TPSs will have to go back to their customers – again – and increase their rates to pass through these unknown, unanticipated, and impossible to calculate charges. Realistically, implementation could be delayed until the next Energy Year. In addition, Environmental Information Disclosure (“EID”) labels will have to be modified to show that TPS customers are accounting for a disproportionate share of the renewable energy load in the State. It should also be noted that numerous TPS contracts that spanned into EY 2019 have since expired, and customers have been switched to new TPSs during EY 2019; it would be a logistical nightmare for individual TPSs to attempt to go back and charge TPS customers that they no longer serve for their share of the exempt BGSP solar obligation for EY 2019.

³ I/M/O the Provision of Basic Generation Service for the Period Beginning June 1, 2019, Docket No. ER18040356, Atlantic City Electric Company, Jersey Central Power & Light Company, Public Service Electric and Gas Company, and Rockland Electric Company Joint Final Comments, October 12, 2018, at p. 8.

RESA would note that TPS customers are already paying for the EY 2019 solar RPS increase, as required by the 2018 Clean Energy Act. Requiring TPS customers to now pick up the exempt BGSP load, in the middle of the energy year, and in clear violation of the statute would result in unprecedented damage to the competitive market. TPSs do not even know how much BGSP load is exempt and it is simply unrealistic to expect TPSs to pay for unknown load share in direct contravention of the law.

RESA submits that Attachment A to the meeting notice is incorrect and should not be adopted by the Board. First, this document gives the impression that TPSs and BGSPs will share in accounting for the non-exempt BGSP load. All of the existing BGSP contracts are exempt from the EY 2019 increase – meaning that *only* TPSs are responsible for the exempt BGSP load per the instructions in Attachment A (despite clear statutory language to the contrary). Second, the instructions in Attachment A seem to be identical to those instructions adopted after SEAFCA, when non-exempt BGSPs and TPSs had to share the responsibility for exempt BGSP load. This language requiring “supplier” responsibility for “provider” exempt load was removed from the statute in 2012. Therefore, the instructions are not based on current law and it would be contrary to law for the Board to use them.

For EY 2019, TPSs are required to purchase SRECs equal to 4.3% of their retail load. N.J.S.A. 48:3-87(d)(3). Since all BGS contracts are exempt, consistent with the prior statutory obligation, the BGSP share is 3.29% of the BGSP retail sales. BGSPs should account for the exempt EY 2019 load in the next BGS auction. By statute, TPSs are not responsible for the exempt BGSP load. In EY 2020, the Board should follow similar calculations to those it proposed in EY 2014 and 2015, when BGSPs had to account for exempt BGSP load. In this manner, RPS obligations will be fulfilled in a competitively neutral manner that does not require TPSs subsidy to BGSPs.

It is important to understand that RESA is not arguing that the RPS requirements for EY 2019 be avoided or lowered – RESA is advocating for the EY 2019 exempt obligation for BGSPs to be included in the BGSP obligation for EY 2020.

2. What the RPS requirements should be for Energy Year (EY) 2019, EY 2020, EY 2021, and EY 2022. See Attachment B.

RESA is confused by this attachment, as it checked the “totals” for these EYs and it appears the first line for the June 1, 2019 – December 31, 2019 column is incorrect. The correct total proposed percentage for that line should be 23.429%, not 18.53%. Similarly, the first total for the January 1, 2020 – May 31, 2020 line is incorrect – these numbers add up to a total obligation of 28.4%, not 23.5%. RESA encourages the Board to carefully review this attachment.

RESA does not support the adoption of Attachment B. As discussed below, this document does not acknowledge that the solar RPS obligation is a carve out of the overall Class I RPS obligation, and as such, the Class I obligation proposed in this document is too high and should be lowered.

RESA also notes that while the 2018 Clean Energy Act exempted existing BGSPs from the increase in *solar* obligations, there is no similar exemption for changes to the Class I RPS obligation. The total percentage requirements for TPSs and BGSPs, regardless of whether or not the contract is exempt, should be identical.

3. Whether to consider solar obligations to be included within the overall Class I obligations as a carve-out, such that SRECs submitted to satisfy the solar RPS will also be counted toward the satisfaction of the total Class I RPS rather than being considered additive to the Class I RPS. See Attachment B.

RESA maintains its previously stated position that solar is a carve-out of the Class I RPS obligation. The Board’s regulations at N.J.A.C. 14:8-2.3(f)(1) allow suppliers to use solar renewable energy certificates (“SRECs”) in place of Class I RECs to comply with the State’s RPS standards, which supports RESA’s belief that the solar RPS is a carve-out or set-aside of the Class I RPS. In addition, the statutory definition of “Class I renewable energy” includes “electric energy produced from solar technologies, photovoltaic technologies . . .” N.J.S.A. 48:3-51. RESA also points to the Board’s New Jersey Portfolio Standard Rules 2010 Annual Report which notes in

Appendix 3 that “[t]he Board grandfathered BGS auction winners with pre-existing contracts by exempting their load *from the new solar carve-out requirements*.”⁴ (emphasis added).

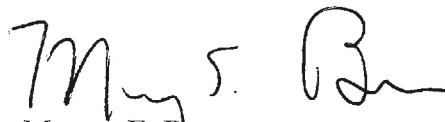
RESA is aware of comments during the December 7 stakeholder session pointing out that offshore wind is an “explicit” carve out of the Class I obligations. Respectfully, RESA submits that solar did not have to be “explicitly” carved out of the Class I RPS obligations because solar is included in the definition of Class I renewable energy, whereas “offshore wind” is not. RESA joins with Rate Counsel and IEPNJ in asserting that solar is a carve out of the Class I RPS obligations.

Assuming this interpretation is correct, only a minimal increase in Class I obligations is required for EY 2020 compliance. Given the leap in the solar obligation, this protects ratepayers from increasing costs as neither BGSPs nor TPSs are exempt from the Class I RPS increase.

RESA is attaching to this filing its June 22, 2018 correspondence (“Attachment A”) and its December 5, 2018 correspondence (“Attachment B”). RESA believes it has raised very serious concerns about the proposal for TPSs to pick up the exempt BGSP load in violation of the 2018 Clean Energy Act, and hopes the Board will adopt a competitively neutral Order, consistent with the law, that does not require TPSs to subsidize BGSPs in direct violation of the Act.

Please do not hesitate to contact us with any questions.

Respectfully submitted,



Murray E. Bevan

Enclosures

⁴ A draft of the 2010 report is available at http://www.njcleanenergy.com/files/file/Renewable_Programs/Draft_2010_Annual_Report_for_New_Jersey_041311_version.pdf; RESA refers to Appendix 3, note 6, on page 32.

Secretary Camacho-Welch
December 10, 2018
Page 7 of 7

cc: Grace Strom Power
Noreen Giblin
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ATTACHMENT A

MURRAY E. BEVAN
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June 22, 2018

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Ken Sheehan
Director, Office of Economic Development and Emerging Technologies
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Trenton, NJ 08625-0350

Re: Implementation of the 2018 Clean Energy Act, P.L. 2018, c. 17

Dear Mr. Sheehan:

This office is counsel to the Retail Energy Supply Association (“RESA”),¹ a diverse group of retail electric and gas suppliers that share a common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than do vertically-integrated, regulated utility providers.

RESA members, Government Energy Aggregators, most significantly our customers, as well as many other participants in the retail electric market, have urgent concerns regarding the implementation of P.L. 2018, C. 17, the “2018 Clean Energy Law” signed by Governor Murphy on May 23, 2018. This law implements purportedly immediate changes to the renewable portfolio standards (“RPS”) requirements imposed on the State’s third party suppliers (“TPSs”) as well as its default Basic Generation Service Providers (“BGSPs”). RESA requests the Board issue guidance on implementation of the new law, and address the following below concerns as key topics that will immediately impact the retail electric and renewables markets in New Jersey.

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

Implementation of this new law has led to confusion among the various parties in the retail supply industry who are all trying to interpret the law and guidance from the Board would ultimately eliminate customer confusion. Prompt answers to the following issues are needed because without timely direction from the Board, the retail electric supply market and the rates charged to customers will be severely and negatively impacted.

1. The 2018 Clean Energy Law provides language exempting BGSP contracts from the immediate increase in the solar RPS. However, the law also requires the Board to implement changes to the solar RPS “in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.”

RESA believes that requiring TPSs to comply with an immediate increase to the solar RPS requirements directly and immediately harms the competitive retail electric supply industry, in direct contravention to the statutory language cited above, as well as the statutory goals outlined in the Electric Discount and Energy Competition Act (“EDECA”) which, in pertinent part, provides as its statutory purpose to:

Place greater reliance on competitive markets, where such markets exist, to deliver energy services to consumers in greater variety and at lower cost than traditional, bundled public utility service[.]

N.J.S.A. § 48:3-50(a)(2).

The solar RPS requirement for Energy Year (“EY”) 2019 was 3.290% of retail load prior to the enactment of the 2018 Clean Energy Law – it is now 4.300% of retail load. This change represents an overall increase of 30.7% in suppliers’ actual RPS obligation that will presumably be assessed against retail suppliers (those with existing supply contracts as well as those making offers to retail customers for new contracts) but not default BGSPs. This represents an unfair,

competitively harmful cost increase to retail supply customers. Moreover, it directly contradicts the statutory purposes of EDECA, which remains law to this day.

RESA submits that if the Board were to implement the changes to the solar RPS in a truly competitively neutral fashion – as required by the 2018 Clean Energy Law and EDECA, it would exempt TPSs from the increase in EY 2019 and add this increased obligation to TPSs' RPS obligations in EY 2020. This would allow for the required competitively neutral implementation of the 2018 Clean Energy Law. This would also alleviate any concerns over exempting individual TPS contracts, which RESA believes would be an arduous and nearly impossible mechanism to implement. Suppliers can account for the EY 2019 increase in EY 2020, just like the BGSPs, ultimately fulfilling the statutory mandate to account for increased solar RPS requirements in a manner that promotes a level playing field in the competitive electric supply industry. Requiring TPSs to foot the bill for the increase while BGSPs sit unaffected until next year is neither competitively neutral nor an encouragement to further competition in the retail market, contravening the directives in the statute. It simply cannot be overstated that requiring TPSs to pass through increased solar RPS costs to their customers while customers on default service see no change will have a devastating, immediately detrimental impact on the retail electric market in New Jersey. The Board should not sacrifice TPSs and their customers to prop up another industry when the Board can ensure competitively neutral treatment of TPSs without damaging the solar market.

Moreover, in recent years, the State has seen an increase in GEA bids and programs in many municipalities. GEA programs allow municipalities and consortiums of government entities to pool together and solicit bids for energy procurement, allowing savings for many residents and local government entities. In addition, a number of municipalities are attempting to implement Renewable Aggregation ("R-GEA") programs, which would result in additional solar and renewables sales, above the current RPS standards. However, without competitive neutrality between BGSPs and TPSs, these RGEAs will likely grind to a halt.

As TPSs compete to serve these GEA programs and are the suppliers of electricity under these programs, changes to the solar RPS in the middle of a GEA agreement will have an immediate impact on the contract entered by the TPS and the government entity if TPSs are required to pass through the solar RPS immediately rather than in EY 2020 along with the default BGSPs. If TPSs have to pass through costs now, the possibility of any GEA programs being furthered or created until EY 2020 RPS obligations are applied in a competitively neutral manner is almost non-existent. RESA urges the Board to consider the larger picture of not just TPS costs and implementation, but rather the ultimate disproportionate burden on TPS customers that is manifested when one part of the industry is subjected to increased requirements to subsidize renewables while another part of the industry is allowed to push off the obligation for an entire year.

While the above concern is of paramount importance to RESA, RESA members have two additional questions below on which they hope the Board will provide guidance after the Board provides guidance on the first question.

2. The 2018 Clean Energy Law increases the Class I RPS requirement to 21% by January 1, 2020; to 35% by January 1, 2025, and to 50% by January 1, 2030. Further, the Law increases the Solar RPS to 4.3% in EY 2019 and 4.9% in EY 2020.

RESA highlights this change as it is an item of importance for retail electric suppliers in New Jersey's market. Does the January 1, 2020 implementation date in the legislation act as a deadline for the Board to implement rulemaking changes to update the new Class I RPS percentage requirement? If not, what effect does this date have on the retail electric market? Will the Board implement the Class I RPS increases at regular intervals each Energy Year between 2020 and 2030? Will there be any big jumps in Class I RPS requirements to implement these changes?

Second, RESA requests clarification on whether the solar RPS functions as a true “carve-out” of the Class I RPS requirements. In order to demonstrate its concerns, RESA includes the below chart demonstrating current Class I requirements codified in the Board’s regulations, with the new solar RPS codified in the 2018 Clean Energy Law, for EY 2019-2021.

Energy Year	Current Class I RPS	New Solar RPS	Total
2019	14.175%	4.300%	18.475%
2020	16.029%	4.900%	20.929%
2021	17.880%	5.100%	22.98%

If the solar RPS is a “carve out” of the total Class I RPS requirement, then changes to the individual Class I percentage requirement to meet the statutory target of 21% by 2020 amounts to a small increase of 0.071%. *However*, if the Board does not treat solar as a “carve out” of the Class I RPS, then TPSs are facing additional procurement costs to cover the 4.971% increase from the current EY 2020 Class I requirement of 16.029%.

RESA has generally understood the solar RPS requirement to be a carve-out, or set-aside, of the overall Class I obligation, and no language in the statute supports an alternative understanding. Moreover, the Board’s regulations at N.J.A.C. 14:8-2.3(f)(1) allow suppliers to use solar renewable energy certificates (“SRECs”) in place of Class I RECs to comply with the State’s RPS standards, which supports RESA’s belief that the solar RPS is a carve-out or set-aside of the Class I RPS.

It is important that TPSs receive guidance from the Board as soon as possible on how the Board will treat the solar RPS with respect to overall Class I RPS obligations. Many suppliers are already entering or contemplating contracts well into EY 2020. This information will have a direct impact on price to customers as well as bids, contracts, and spot market purchases of Class I RECs.

3. Prior to the enactment of the 2018 Clean Energy Law, Section d.1 provided as follows:

[The board shall adopt] renewable energy portfolio standards that shall require: (1) that two and one-half percent of the kilowatt hours sold in this State by each electric power supplier and each basic generation service provider be from **Class I or** Class II renewable energy sources;

(emphasis added).

Under the 2018 Clean Energy Law, the section removes the above bolded language and now provides as follows:

[The board shall adopt] renewable energy portfolio standards that shall require: (1) that two and one-half percent of the kilowatt hours sold in this State by each electric power supplier and each basic generation service provider be from Class II renewable energy sources;

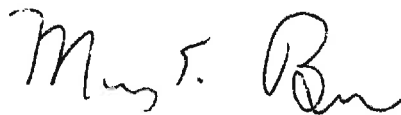
Currently, the Board's regulations at N.J.A.C. 14:8-2.3(f)(2) allow TPSs to utilize Class I RECs to satisfy their annual 2.5% Class II RPS obligations. RESA requests that the Board clarify whether or not the removal of the words "Class I or" from the statute will require TPSs to satisfy Class II obligations solely with Class II RECs. Many suppliers have existing contract and purchase obligations with Class I REC providers in reliance on the current regulatory scheme which allows TPSs to use Class I RECs for Class II compliance. Any changes to this dynamic need to be signaled to the retail supply community as well as to Class I REC providers as soon as possible.

RESA is deeply concerned about the implementation of the 2018 Clean Energy Law, and requests prompt support and guidance from the Board in order to ensure orderly implementation of these new requirements. In the alternative, RESA asks that the Board implement a proceeding

Mr. Sheehan
June 22, 2018
Page 7 of 7

as soon as possible so stakeholders and Staff can collaborate and implement appropriate solutions that do not harm the competitive market and further the Governor's goals for increased use of renewable energy in New Jersey.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Murray E. Bevan". The signature is fluid and cursive, with the first name "Murray" and last name "Bevan" clearly distinguishable.

Murray E. Bevan

cc: Grace Strom Power
Noreen Giblin
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ATTACHMENT B

MURRAY E. BEVAN
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December 5, 2018

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Stacy Peterson
Director, Division of Energy
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Trenton, NJ 08625-0350

Re: Implementation of the 2018 Clean Energy Act, P.L. 2018, c. 17

Dear Ms. Peterson:

This office is counsel to the Retail Energy Supply Association (“RESA”),¹ a diverse group of retail electric and gas suppliers that share a common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than do vertically-integrated, regulated utility providers. RESA previously wrote to the Board to express concern about implementation of P.L. 2018, C. 17, (the “2018 Clean Energy Act”) and is pleased that the Board will address some of the concerns raised by RESA at its December 7, 2018 stakeholder meeting. Since RESA did not have an opportunity to address the EDCs’ final comments in the BGS proceeding, RESA is providing these comments for consideration prior to the December 7 stakeholder meeting.

Several changes to the State’s renewable portfolio standard (“RPS”) requirements have been implemented over the past decade. In order to provide a more comprehensive picture of the

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

most recent RPS changes implemented by the 2018 Clean Energy Act, RESA offers this summary of past legislative changes to the RPS.

In early 2010, the Solar Energy Advancement and Fair Competition Act (“SEAFCA”), P.L. 2009, C. 289, was signed in to law. SEAFCA converted the solar RPS from a percentage requirement (codified in the New Jersey Administrative Code) to a fixed GWh requirement, codified in statute. SEAFCA also exempted existing basic generation service provider (“BGSP”) contracts from the increase in the solar RPS, and required non-exempt BGSP contracts and all third party suppliers (“TPSs”) to account for the exempt BGSP load. The relevant statutory language can be found below.

The board shall exempt **providers’** existing supply contracts that are: (a) effective prior to the date of P.L.2009, c.289; or (b) effective prior to any future increase in the solar renewable portfolio standard beyond the multi-year schedule established in paragraph (3) of this subsection. This exemption shall apply to the number of SRECs that exceeds the number mandated by the solar renewable portfolio standards requirements that were in effect on the date that the providers executed their existing supply contracts. **This limited exemption for providers’ existing supply contracts shall not be construed to lower the Statewide solar purchase requirements set forth in paragraph (3) of this subsection. Such incremental new requirements shall be distributed over the electric power suppliers and providers not subject to the existing supply contract exemption until such time as existing supply contracts expire and all suppliers are subject to the new requirement.**

(emphasis added).²

The RPS compliance instructions for energy year (“EY”) 2011 and 2012 and the solar compliance updates for those years explain the exempt load and the obligations of non-exempt BGSP and TPSs with respect to that exempt load. For EY 2011 compliance, BGSP contracts executed in 2008 and 2009 were exempt from the solar RPS increase.

² The full text of P.L. 2009, C. 289 can be accessed at https://www.njleg.state.nj.us/2008/Bills/PL09/289_PDF. The language cited above can be found on page 11. In addition, please note that the statute separately defines “basic generation service providers” and “electric power suppliers.”

The 2012 Solar Act (P.L. 2012, C. 24), converted the fixed GWh requirement for solar RPS to a percentage-based requirement, effective beginning in EY 2014. The 2012 Solar Act also amended some of the inequity found in SEAFCA – existing BGSP contracts were exempted from the increase in the solar RPS, however, only new BGSP contracts were responsible for the delta. The relevant language exempting existing BGSP contracts, but requiring new BGSP contracts to account for the increase is as follows:

The solar renewable portfolio standards requirements in this paragraph shall exempt those existing supply contracts which are effective prior to the date of enactment of P.L.2012, c.24 from any increase beyond the number of SRECs mandated by the solar renewable portfolio standards requirements that were in effect on the date that the providers executed their existing supply contracts. This limited exemption for providers' existing supply contracts shall not be construed to lower the Statewide solar sourcing requirements set forth in this paragraph. Such incremental requirements that would have otherwise been imposed on exempt providers shall be distributed over the providers not subject to the existing supply contract exemption until such time as existing supply contracts expire and all providers are subject to the new requirement in a manner that is competitively neutral among all providers and suppliers. The board shall implement the provisions of this subsection in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.

(emphasis added).³ This law clearly requires *only* BGSPs to account for exempt BGSP load, in the interest of promoting competition in the electric supply industry.

A review of the RPS compliance instructions for EYs 2014 and 2015 shows that the calculations for BGSPs were more complicated than those for TPSs, as non-exempt BGSPs were required to account for exempt BGSP load. For EY 2014, non-exempt BGSPs had to account for

³ The 2012 Solar Act can be accessed at https://www.njleg.state.nj.us/2012/Bills/PL12/24_.PDF. The language cited above can be found on pages 14-15.

exempt BGSP load from contracts entered in 2011 and 2012.⁴ In EY 2015, non-exempt BGSPs had to account for exempt load from contracts entered in 2012.⁵ Meanwhile, TPSs performed a straightforward calculation based on a percentage of their retail sales.

The most recent changes to the RPS were implemented in the Clean Energy Act. Similar language exempting existing BGSP contracts, but requiring non-exempt BGSPs to account for exempt BGSP load, was included:

The solar renewable portfolio standards requirements in this paragraph shall exempt those existing supply contracts which are effective prior to the date of enactment of P.L.2018, c.17 (C.48:3-87.8 et al.) from any increase beyond the number of SRECs mandated by the solar renewable energy portfolio standards requirements that were in effect on the date that the providers executed their existing supply contracts. **This limited exemption for providers' existing supply contracts shall not be construed to lower the Statewide solar sourcing requirements set forth in this paragraph. Such incremental requirements that would have otherwise been imposed on exempt providers shall be distributed over the providers not subject to the existing supply contract exemption until such time as existing supply contracts expire and all providers are subject to the new requirement in a manner that is competitively neutral among all providers and suppliers.** Notwithstanding any rule or regulation to the contrary, the board shall recognize these new solar purchase obligations as a change required by operation of law and **implement the provisions of this subsection in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.**

(emphasis added).⁶ The 2018 Clean Energy Act retains the requirement that TPSs not subsidize BGSPs and that the law be implemented to promote competition in the electric power supply industry.

⁴ The EY 2014 RPS update and compliance instructions can be accessed at <http://www.njcleanenergy.com/files/file/rps/NJRPS%20EY14%20Final%20Solar%20Compliance%20Instructions%20100614.pdf>.

⁵ EY 2015 compliance instructions can be accessed at: http://www.njcleanenergy.com/files/file/Renewable_Programs/RPS/ENERGY%20YEAR%202015%20RPS%20REPORTING%20INSTRUCTIONS.pdf.

⁶ The 2018 Clean Energy Act can be accessed at https://www.njleg.state.nj.us/2018/Bills/PL18/17__PDF. The relevant language can be found on pages 5-6.

RESA believes the 2018 Clean Energy Act is clear that the increase in solar RPS, as it relates to BGSPs, must be covered by non-exempt BGSP contracts. Since all existing BGSP contracts are exempt under the law, the next BGSP solicitation must account for this exempt load. The Board cannot require TPSs to shoulder *any* of the exempted BGSP load. Such a requirement would be contrary to previous interpretations of identical language, damage the competitive market, grind government energy aggregation (“GEA”) programs to a halt, and require that TPSs subsidize BGSPs – meaning such a requirement would be contrary to the clear language in the statute.

The EDCs final comments in the BGS auction offer their opinion that BGSPs should not face increased solar requirements. Unfortunately, this interpretation runs afoul of the 2018 Clean Energy Act’s requirements that the exemption for BGSP contracts cannot be construed to lower the RPS requirements. New BGSP contracts entered next year will have to account for the exempt EY 2019 load. There is no other party, under the statute, that can account for the exempt load, and no other way to ensure that RPS requirements are met as required.

RESA also urges the Board to take notice of the fact that New Jersey’s TPS customers are *already* bearing the cost of this RPS increase, as the law requires the Board to recognize the RPS change as a “change required by operation of law.” Short of exiting the New Jersey market, TPSs had no choice but to pass through these increased costs to their customers. Allowing the BGSPs to shirk the clear requirements of the 2018 Clean Energy Act would further run afoul of the clear statutory requirement for the Board to “implement the provisions of this subsection in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.”

In its June 22 letter, RESA raised concerns regarding implementation of the new Class I increased RPS requirements. In part, RESA opined that the solar RPS requirement is a carve-out, or set-aside, of the overall Class I obligation, and no language in the statute supports an alternative understanding. Moreover, the Board’s regulations at N.J.A.C. 14:8-2.3(f)(1) allow suppliers to use solar renewable energy certificates (“SRECs”) in place of Class I RECs to comply with the

State's RPS standards, which supports RESA's belief that the solar RPS is a carve-out or set-aside of the Class I RPS. RESA notes that the statutory definition of "Class I renewable energy" includes "electric energy produced from solar technologies, photovoltaic technologies . . ." N.J.S.A. 48:3-51.

A contrary interpretation of the increase in Class I requirements would be demonstrably harmful to TPSs. In order to explain its concerns, RESA created the below chart demonstrating current Class I requirements codified in the Board's regulations, with the new solar RPS codified in the 2018 Clean Energy Law, for EY 2019-2021.

Energy Year	Previous Class I RPS	New Solar RPS	Total
2019	14.175%	4.300%	18.475%
2020	16.029%	4.900%	20.929%
2021	17.880%	5.100%	22.98%

If the solar RPS is a "carve out" of the total Class I RPS requirement, as RESA believes it to be, then changes to the individual Class I percentage requirement to meet the statutory target of 21% by 2020 amounts to a small increase of 0.071%. *However*, if the Board does not treat solar as a "carve out" of the Class I RPS, then TPSs (and BGSPs) are facing additional procurement costs to cover the 4.971% increase from the current EY 2020 Class I requirement of 16.029%.

Lastly, RESA notes that while the 2018 Clean Energy Act raises Class I RPS requirements, the Act does not contain a Class I RPS schedule. RESA raised this concern in its June 22 correspondence to the Board. TPSs (and BGSPs) need to know the Class I RPS requirements in advance of each EY so that customer contracts and bids can be appropriately priced. Will the Board implement the Class I RPS increases at regular intervals each year between EY 2020 and

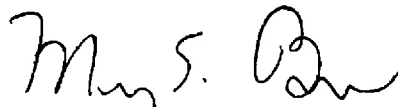
Ms. Peterson
December 5, 2018
Page 7 of 7

EY 2030? Will there be large jumps in the Class I RPS requirement to comply with the 2018 Clean Energy Act, or will the Board implement a schedule with a graduated increase?

RESA is pleased that the Board is convening a stakeholder session to address these important questions. RESA urges the Board to not consider steps that would undercut the “competitively neutral” requirements of the Clean Energy Act, and hopes that this correspondence will assist the Board in implementation of the Act.

Please do not hesitate to contact us with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Murray E. Bevan".

Murray E. Bevan

cc: Grace Strom Power
Noreen Giblin
Paul Flanagan
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Bethany Rocque-Romaine
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December 10, 2018

VIA ELECTRONIC MAIL

The Honorable Aida Camacho-Welch
Secretary, New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Trenton, NJ 08625-0350

***Re: I/M/O Rulemaking Proceeding to Amend the Renewable Portfolio Standard
pursuant to P.L. 2018, c. 17
Docket No. EX18111244***

Dear Secretary Camacho-Welch:

This firm represents the Retail Energy Supply Association (“RESA”),¹ a diverse group of retail electric and gas suppliers that share a common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than do vertically-integrated, regulated utility providers. RESA has been requesting clarity from the Board regarding implementation of the new RPS standards required by P.L. 2018, C. 17 (the “Clean Energy Act”) and was pleased to provide testimony at the Board’s December 7 stakeholder meeting. RESA offers these comments to supplement its oral testimony in the above-captioned docket and respond to the two questions posed by the Board in its meeting notice.

Before addressing the questions posed in the stakeholder meeting notice, RESA notes that the Board’s notice states that the 2018 Clean Energy Act ended the ability to use Class I Renewable Energy Certificates (“RECs”) to satisfy Class II renewable portfolio standard (“RPS”) obligations. RESA appreciates that the Board has responded to one of the three key topics RESA raised in its

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

June 22, 2018 correspondence regarding implementation of the Act. However, RESA notes that while the language of the statute changed, the statute does not explicitly prohibit the use of Class I RECs to satisfy Class II REC obligations. RESA members who have purchased Class I and Class II RECs over a number of years are very concerned that there may not be enough Class II RECs in the market for third party suppliers (“TPSs”) or basic generation service providers (“BGSPs”) to satisfy their Class II RPS requirements. Therefore, RESA urges the Board to consider the availability of RECs in the market and reconsider its interpretation of the Class II obligation.

1. Whether to consider solar obligations to be included within the overall Class I obligations as a carve-out, such that SRECs submitted to satisfy the solar RPS will also be counted toward the satisfaction of the total Class I RPS rather than being considered additive to the Class I RPS. See Attachment C.

RESA reiterates the comments offered in the companion docket to this matter, I/M/O the Allocation of Renewable Portfolio Standards for Basic Generation Service (BGS) for the Period Beginning June 1, 2019, Docket No. EO18111250, as well as the comments it provided to the Board in its June 22, 2018 and September 5, 2018 correspondence: the solar RPS obligation should be considered a carve-out of the Class I RPS obligation. “Class I renewable energy” is defined as

electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, small scale hydropower facilities with a capacity of three megawatts or less and put into service after the effective date [July 23, 2012] of P.L.2012, c.24, and methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner.

N.J.S.A. 48:3-51. RESA is aware of the comments made at the December 7 stakeholder meeting arguing that solar is not “explicitly” categorized as a carve out of the Class I obligations in the same manner as offshore wind. Respectfully, RESA notes that “offshore wind” is separately defined in the statute and therefore, an explicit carve-out was required for that type of renewable generation. Solar generation, however, does not have a separate definition – because it is part of the Class I statutory definition.

RESA further notes that the Board's regulations at N.J.A.C. 14:8-2.3(f)(1) allow suppliers to use solar renewable energy certificates ("SRECs") in place of Class I RECs to comply with the State's RPS standards, which supports RESA's belief that the solar RPS is a carve-out or set-aside of the Class I RPS. RESA's interpretation of the solar obligation as a carve-out of the Class I obligation ensures that the increased Class I requirements will have no impact in EY 2019 (aside from the solar increase, addressed by RESA in the companion docket) and a minimal impact in EY 2020. This is important for both TPSs and BGSPs, as there is no statutory exemption for the contracts of BGSPs or TPSs from this increased requirement.

Finally, it appears to RESA that the Board's previous interpretation of the solar RPS requirement was that it was a carve-out of the overall Class I obligation. RESA refers to the draft Board's New Jersey Portfolio Standard Rules 2010 Annual Report, which notes in Appendix 3 that "[t]he Board grandfathered BGS auction winners with pre-existing contracts by exempting their load *from the new solar carve-out requirements*."² (emphasis added).

Given this background, RESA argues that Attachments B and C contain a Class I RPS target that is higher than required by the statute. RESA urges the Board to consider a schedule that takes into account the new solar RPS target. The EY 2020 Class I requirement should be set at 16.1%, and reduced from the percentages proposed in Attachments B and C. This means all of the targets proposed in Attachments B and C should be lowered so as to account for the solar carve out. In addition, RESA reminds the Board that offshore wind, once established, will result in further carve outs to this Class I requirement, which TPSs and BGSPs will need to know in advance.

² A draft of the 2010 report is available at http://www.njcleanenergy.com/files/file/Renewable_Programs/Draft_2010_Annual_Report_for_New_Jersey_041311_version.pdf; RESA refers to Appendix 3, note 6, on page 32.

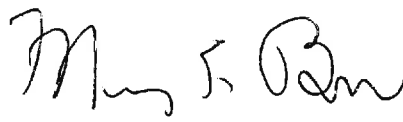
2. Whether the treatment of the increased Class I RPS obligations and the treatment of solar RPS are appropriately set forth in Attachment C.

RESA reiterates its above comments that the Class I targets provided in Attachment C do not account for the solar carve-out, and are too high. RESA urges the Board to revisit these attachments and develop Class I RPS schedules which account for solar as a carve out of the Class I obligation, in accordance with the Board's previous interpretation of the requirement.

RESA is including its June 22, 2018 correspondence ("Attachment A") and its December 5, 2018 correspondence ("Attachment B") with these comments. RESA urges the Board to reconsider the proposed Class I schedules in its future rulemaking proposal and adopt a schedule that acknowledges the Board's long-standing position that the solar RPS is a carve-out of the Class I RPS obligation.

Please do not hesitate to contact us with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Murray E. Bevan".

Murray E. Bevan

Enclosures

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Noreen Giblin
Paul Flanagan
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ATTACHMENT A

MURRAY E. BEVAN
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June 22, 2018

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Ken Sheehan
Director, Office of Economic Development and Emerging Technologies
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Trenton, NJ 08625-0350

Re: Implementation of the 2018 Clean Energy Act, P.L. 2018, c. 17

Dear Mr. Sheehan:

This office is counsel to the Retail Energy Supply Association (“RESA”),¹ a diverse group of retail electric and gas suppliers that share a common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than do vertically-integrated, regulated utility providers.

RESA members, Government Energy Aggregators, most significantly our customers, as well as many other participants in the retail electric market, have urgent concerns regarding the implementation of P.L. 2018, C. 17, the “2018 Clean Energy Law” signed by Governor Murphy on May 23, 2018. This law implements purportedly immediate changes to the renewable portfolio standards (“RPS”) requirements imposed on the State’s third party suppliers (“TPSs”) as well as its default Basic Generation Service Providers (“BGSPs”). RESA requests the Board issue guidance on implementation of the new law, and address the following below concerns as key topics that will immediately impact the retail electric and renewables markets in New Jersey.

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

Implementation of this new law has led to confusion among the various parties in the retail supply industry who are all trying to interpret the law and guidance from the Board would ultimately eliminate customer confusion. Prompt answers to the following issues are needed because without timely direction from the Board, the retail electric supply market and the rates charged to customers will be severely and negatively impacted.

1. The 2018 Clean Energy Law provides language exempting BGSP contracts from the immediate increase in the solar RPS. However, the law also requires the Board to implement changes to the solar RPS “in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.”

RESA believes that requiring TPSs to comply with an immediate increase to the solar RPS requirements directly and immediately harms the competitive retail electric supply industry, in direct contravention to the statutory language cited above, as well as the statutory goals outlined in the Electric Discount and Energy Competition Act (“EDECA”) which, in pertinent part, provides as its statutory purpose to:

Place greater reliance on competitive markets, where such markets exist, to deliver energy services to consumers in greater variety and at lower cost than traditional, bundled public utility service[.]

N.J.S.A. § 48:3-50(a)(2).

The solar RPS requirement for Energy Year (“EY”) 2019 was 3.290% of retail load prior to the enactment of the 2018 Clean Energy Law – it is now 4.300% of retail load. This change represents an overall increase of 30.7% in suppliers’ actual RPS obligation that will presumably be assessed against retail suppliers (those with existing supply contracts as well as those making offers to retail customers for new contracts) but not default BGSPs. This represents an unfair,

competitively harmful cost increase to retail supply customers. Moreover, it directly contradicts the statutory purposes of EDECA, which remains law to this day.

RESA submits that if the Board were to implement the changes to the solar RPS in a truly competitively neutral fashion – as required by the 2018 Clean Energy Law and EDECA, it would exempt TPSs from the increase in EY 2019 and add this increased obligation to TPSs' RPS obligations in EY 2020. This would allow for the required competitively neutral implementation of the 2018 Clean Energy Law. This would also alleviate any concerns over exempting individual TPS contracts, which RESA believes would be an arduous and nearly impossible mechanism to implement. Suppliers can account for the EY 2019 increase in EY 2020, just like the BGSPs, ultimately fulfilling the statutory mandate to account for increased solar RPS requirements in a manner that promotes a level playing field in the competitive electric supply industry. Requiring TPSs to foot the bill for the increase while BGSPs sit unaffected until next year is neither competitively neutral nor an encouragement to further competition in the retail market, contravening the directives in the statute. It simply cannot be overstated that requiring TPSs to pass through increased solar RPS costs to their customers while customers on default service see no change will have a devastating, immediately detrimental impact on the retail electric market in New Jersey. The Board should not sacrifice TPSs and their customers to prop up another industry when the Board can ensure competitively neutral treatment of TPSs without damaging the solar market.

Moreover, in recent years, the State has seen an increase in GEA bids and programs in many municipalities. GEA programs allow municipalities and consortiums of government entities to pool together and solicit bids for energy procurement, allowing savings for many residents and local government entities. In addition, a number of municipalities are attempting to implement Renewable Aggregation ("R-GEA") programs, which would result in additional solar and renewables sales, above the current RPS standards. However, without competitive neutrality between BGSPs and TPSs, these RGEAs will likely grind to a halt.

As TPSs compete to serve these GEA programs and are the suppliers of electricity under these programs, changes to the solar RPS in the middle of a GEA agreement will have an immediate impact on the contract entered by the TPS and the government entity if TPSs are required to pass through the solar RPS immediately rather than in EY 2020 along with the default BGSPs. If TPSs have to pass through costs now, the possibility of any GEA programs being furthered or created until EY 2020 RPS obligations are applied in a competitively neutral manner is almost non-existent. RESA urges the Board to consider the larger picture of not just TPS costs and implementation, but rather the ultimate disproportionate burden on TPS customers that is manifested when one part of the industry is subjected to increased requirements to subsidize renewables while another part of the industry is allowed to push off the obligation for an entire year.

While the above concern is of paramount importance to RESA, RESA members have two additional questions below on which they hope the Board will provide guidance after the Board provides guidance on the first question.

2. The 2018 Clean Energy Law increases the Class I RPS requirement to 21% by January 1, 2020; to 35% by January 1, 2025, and to 50% by January 1, 2030. Further, the Law increases the Solar RPS to 4.3% in EY 2019 and 4.9% in EY 2020.

RESA highlights this change as it is an item of importance for retail electric suppliers in New Jersey's market. Does the January 1, 2020 implementation date in the legislation act as a deadline for the Board to implement rulemaking changes to update the new Class I RPS percentage requirement? If not, what effect does this date have on the retail electric market? Will the Board implement the Class I RPS increases at regular intervals each Energy Year between 2020 and 2030? Will there be any big jumps in Class I RPS requirements to implement these changes?

Second, RESA requests clarification on whether the solar RPS functions as a true “carve-out” of the Class I RPS requirements. In order to demonstrate its concerns, RESA includes the below chart demonstrating current Class I requirements codified in the Board’s regulations, with the new solar RPS codified in the 2018 Clean Energy Law, for EY 2019-2021.

Energy Year	Current Class I RPS	New Solar RPS	Total
2019	14.175%	4.300%	18.475%
2020	16.029%	4.900%	20.929%
2021	17.880%	5.100%	22.98%

If the solar RPS is a “carve out” of the total Class I RPS requirement, then changes to the individual Class I percentage requirement to meet the statutory target of 21% by 2020 amounts to a small increase of 0.071%. *However*, if the Board does not treat solar as a “carve out” of the Class I RPS, then TPSs are facing additional procurement costs to cover the 4.971% increase from the current EY 2020 Class I requirement of 16.029%.

RESA has generally understood the solar RPS requirement to be a carve-out, or set-aside, of the overall Class I obligation, and no language in the statute supports an alternative understanding. Moreover, the Board’s regulations at N.J.A.C. 14:8-2.3(f)(1) allow suppliers to use solar renewable energy certificates (“SRECs”) in place of Class I RECs to comply with the State’s RPS standards, which supports RESA’s belief that the solar RPS is a carve-out or set-aside of the Class I RPS.

It is important that TPSs receive guidance from the Board as soon as possible on how the Board will treat the solar RPS with respect to overall Class I RPS obligations. Many suppliers are already entering or contemplating contracts well into EY 2020. This information will have a direct impact on price to customers as well as bids, contracts, and spot market purchases of Class I RECs.

3. Prior to the enactment of the 2018 Clean Energy Law, Section d.1 provided as follows:

[The board shall adopt] renewable energy portfolio standards that shall require: (1) that two and one-half percent of the kilowatt hours sold in this State by each electric power supplier and each basic generation service provider be from **Class I or** Class II renewable energy sources;

(emphasis added).

Under the 2018 Clean Energy Law, the section removes the above bolded language and now provides as follows:

[The board shall adopt] renewable energy portfolio standards that shall require: (1) that two and one-half percent of the kilowatt hours sold in this State by each electric power supplier and each basic generation service provider be from Class II renewable energy sources;

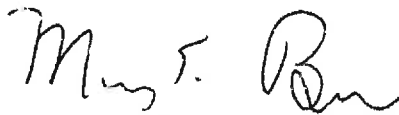
Currently, the Board's regulations at N.J.A.C. 14:8-2.3(f)(2) allow TPSs to utilize Class I RECs to satisfy their annual 2.5% Class II RPS obligations. RESA requests that the Board clarify whether or not the removal of the words "Class I or" from the statute will require TPSs to satisfy Class II obligations solely with Class II RECs. Many suppliers have existing contract and purchase obligations with Class I REC providers in reliance on the current regulatory scheme which allows TPSs to use Class I RECs for Class II compliance. Any changes to this dynamic need to be signaled to the retail supply community as well as to Class I REC providers as soon as possible.

RESA is deeply concerned about the implementation of the 2018 Clean Energy Law, and requests prompt support and guidance from the Board in order to ensure orderly implementation of these new requirements. In the alternative, RESA asks that the Board implement a proceeding

Mr. Sheehan
June 22, 2018
Page 7 of 7

as soon as possible so stakeholders and Staff can collaborate and implement appropriate solutions that do not harm the competitive market and further the Governor's goals for increased use of renewable energy in New Jersey.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Murray E. Bevan". The signature is fluid and cursive, with the first name "Murray" and last name "Bevan" clearly distinguishable.

Murray E. Bevan

cc: Grace Strom Power
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ATTACHMENT B

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December 5, 2018

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Stacy Peterson
Director, Division of Energy
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Trenton, NJ 08625-0350

Re: Implementation of the 2018 Clean Energy Act, P.L. 2018, c. 17

Dear Ms. Peterson:

This office is counsel to the Retail Energy Supply Association (“RESA”),¹ a diverse group of retail electric and gas suppliers that share a common vision that competitive retail energy markets deliver more efficient, customer-oriented outcomes than do vertically-integrated, regulated utility providers. RESA previously wrote to the Board to express concern about implementation of P.L. 2018, C. 17, (the “2018 Clean Energy Act”) and is pleased that the Board will address some of the concerns raised by RESA at its December 7, 2018 stakeholder meeting. Since RESA did not have an opportunity to address the EDCs’ final comments in the BGS proceeding, RESA is providing these comments for consideration prior to the December 7 stakeholder meeting.

Several changes to the State’s renewable portfolio standard (“RPS”) requirements have been implemented over the past decade. In order to provide a more comprehensive picture of the

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

most recent RPS changes implemented by the 2018 Clean Energy Act, RESA offers this summary of past legislative changes to the RPS.

In early 2010, the Solar Energy Advancement and Fair Competition Act (“SEAFCA”), P.L. 2009, C. 289, was signed in to law. SEAFCA converted the solar RPS from a percentage requirement (codified in the New Jersey Administrative Code) to a fixed GWh requirement, codified in statute. SEAFCA also exempted existing basic generation service provider (“BGSP”) contracts from the increase in the solar RPS, and required non-exempt BGSP contracts and all third party suppliers (“TPSs”) to account for the exempt BGSP load. The relevant statutory language can be found below.

The board shall exempt providers’ existing supply contracts that are: (a) effective prior to the date of P.L.2009, c.289; or (b) effective prior to any future increase in the solar renewable portfolio standard beyond the multi-year schedule established in paragraph (3) of this subsection. This exemption shall apply to the number of SRECs that exceeds the number mandated by the solar renewable portfolio standards requirements that were in effect on the date that the providers executed their existing supply contracts. **This limited exemption for providers’ existing supply contracts shall not be construed to lower the Statewide solar purchase requirements set forth in paragraph (3) of this subsection. Such incremental new requirements shall be distributed over the electric power suppliers and providers not subject to the existing supply contract exemption until such time as existing supply contracts expire and all suppliers are subject to the new requirement.**

(emphasis added).²

The RPS compliance instructions for energy year (“EY”) 2011 and 2012 and the solar compliance updates for those years explain the exempt load and the obligations of non-exempt BGSP and TPSs with respect to that exempt load. For EY 2011 compliance, BGSP contracts executed in 2008 and 2009 were exempt from the solar RPS increase.

² The full text of P.L. 2009, C. 289 can be accessed at https://www.njleg.state.nj.us/2008/Bills/PL09/289_PDF. The language cited above can be found on page 11. In addition, please note that the statute separately defines “basic generation service providers” and “electric power suppliers.”

The 2012 Solar Act (P.L. 2012, C. 24), converted the fixed GWh requirement for solar RPS to a percentage-based requirement, effective beginning in EY 2014. The 2012 Solar Act also amended some of the inequity found in SEAFCA – existing BGSP contracts were exempted from the increase in the solar RPS, however, only new BGSP contracts were responsible for the delta. The relevant language exempting existing BGSP contracts, but requiring new BGSP contracts to account for the increase is as follows:

The solar renewable portfolio standards requirements in this paragraph shall exempt those existing supply contracts which are effective prior to the date of enactment of P.L.2012, c.24 from any increase beyond the number of SRECs mandated by the solar renewable portfolio standards requirements that were in effect on the date that the providers executed their existing supply contracts. This limited exemption for providers' existing supply contracts shall not be construed to lower the Statewide solar sourcing requirements set forth in this paragraph. Such incremental requirements that would have otherwise been imposed on exempt providers shall be distributed over the providers not subject to the existing supply contract exemption until such time as existing supply contracts expire and all providers are subject to the new requirement in a manner that is competitively neutral among all providers and suppliers. The board shall implement the provisions of this subsection in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.

(emphasis added).³ This law clearly requires *only* BGSPs to account for exempt BGSP load, in the interest of promoting competition in the electric supply industry.

A review of the RPS compliance instructions for EYs 2014 and 2015 shows that the calculations for BGSPs were more complicated than those for TPSs, as non-exempt BGSPs were required to account for exempt BGSP load. For EY 2014, non-exempt BGSPs had to account for

³ The 2012 Solar Act can be accessed at https://www.njleg.state.nj.us/2012/Bills/PL12/24_.PDF. The language cited above can be found on pages 14-15.

exempt BGSP load from contracts entered in 2011 and 2012.⁴ In EY 2015, non-exempt BGSPs had to account for exempt load from contracts entered in 2012.⁵ Meanwhile, TPSs performed a straightforward calculation based on a percentage of their retail sales.

The most recent changes to the RPS were implemented in the Clean Energy Act. Similar language exempting existing BGSP contracts, but requiring non-exempt BGSPs to account for exempt BGSP load, was included:

The solar renewable portfolio standards requirements in this paragraph shall exempt those existing supply contracts which are effective prior to the date of enactment of P.L.2018, c.17 (C.48:3-87.8 et al.) from any increase beyond the number of SRECs mandated by the solar renewable energy portfolio standards requirements that were in effect on the date that the providers executed their existing supply contracts. **This limited exemption for providers' existing supply contracts shall not be construed to lower the Statewide solar sourcing requirements set forth in this paragraph. Such incremental requirements that would have otherwise been imposed on exempt providers shall be distributed over the providers not subject to the existing supply contract exemption until such time as existing supply contracts expire and all providers are subject to the new requirement in a manner that is competitively neutral among all providers and suppliers.** Notwithstanding any rule or regulation to the contrary, the board shall recognize these new solar purchase obligations as a change required by operation of law and **implement the provisions of this subsection in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.**

(emphasis added).⁶ The 2018 Clean Energy Act retains the requirement that TPSs not subsidize BGSPs and that the law be implemented to promote competition in the electric power supply industry.

⁴ The EY 2014 RPS update and compliance instructions can be accessed at <http://www.njcleanenergy.com/files/file/rps/NJRPS%20EY14%20Final%20Solar%20Compliance%20Instructions%20100614.pdf>.

⁵ EY 2015 compliance instructions can be accessed at: http://www.njcleanenergy.com/files/file/Renewable_Programs/RPS/ENERGY%20YEAR%202015%20RPS%20REPORTING%20INSTRUCTIONS.pdf.

⁶ The 2018 Clean Energy Act can be accessed at https://www.njleg.state.nj.us/2018/Bills/PL18/17_.PDF. The relevant language can be found on pages 5-6.

RESA believes the 2018 Clean Energy Act is clear that the increase in solar RPS, as it relates to BGSPs, must be covered by non-exempt BGSP contracts. Since all existing BGSP contracts are exempt under the law, the next BGSP solicitation must account for this exempt load. The Board cannot require TPSs to shoulder *any* of the exempted BGSP load. Such a requirement would be contrary to previous interpretations of identical language, damage the competitive market, grind government energy aggregation (“GEA”) programs to a halt, and require that TPSs subsidize BGSPs – meaning such a requirement would be contrary to the clear language in the statute.

The EDCs final comments in the BGS auction offer their opinion that BGSPs should not face increased solar requirements. Unfortunately, this interpretation runs afoul of the 2018 Clean Energy Act’s requirements that the exemption for BGSP contracts cannot be construed to lower the RPS requirements. New BGSP contracts entered next year will have to account for the exempt EY 2019 load. There is no other party, under the statute, that can account for the exempt load, and no other way to ensure that RPS requirements are met as required.

RESA also urges the Board to take notice of the fact that New Jersey’s TPS customers are *already* bearing the cost of this RPS increase, as the law requires the Board to recognize the RPS change as a “change required by operation of law.” Short of exiting the New Jersey market, TPSs had no choice but to pass through these increased costs to their customers. Allowing the BGSPs to shirk the clear requirements of the 2018 Clean Energy Act would further run afoul of the clear statutory requirement for the Board to “implement the provisions of this subsection in a manner so as to prevent any subsidies between suppliers and providers and to promote competition in the electricity supply industry.”

In its June 22 letter, RESA raised concerns regarding implementation of the new Class I increased RPS requirements. In part, RESA opined that the solar RPS requirement is a carve-out, or set-aside, of the overall Class I obligation, and no language in the statute supports an alternative understanding. Moreover, the Board’s regulations at N.J.A.C. 14:8-2.3(f)(1) allow suppliers to use solar renewable energy certificates (“SRECs”) in place of Class I RECs to comply with the

State's RPS standards, which supports RESA's belief that the solar RPS is a carve-out or set-aside of the Class I RPS. RESA notes that the statutory definition of "Class I renewable energy" includes "electric energy produced from solar technologies, photovoltaic technologies . . ." N.J.S.A. 48:3-51.

A contrary interpretation of the increase in Class I requirements would be demonstrably harmful to TPSs. In order to explain its concerns, RESA created the below chart demonstrating current Class I requirements codified in the Board's regulations, with the new solar RPS codified in the 2018 Clean Energy Law, for EY 2019-2021.

Energy Year	Previous Class I RPS	New Solar RPS	Total
2019	14.175%	4.300%	18.475%
2020	16.029%	4.900%	20.929%
2021	17.880%	5.100%	22.98%

If the solar RPS is a "carve out" of the total Class I RPS requirement, as RESA believes it to be, then changes to the individual Class I percentage requirement to meet the statutory target of 21% by 2020 amounts to a small increase of 0.071%. *However*, if the Board does not treat solar as a "carve out" of the Class I RPS, then TPSs (and BGSPs) are facing additional procurement costs to cover the 4.971% increase from the current EY 2020 Class I requirement of 16.029%.

Lastly, RESA notes that while the 2018 Clean Energy Act raises Class I RPS requirements, the Act does not contain a Class I RPS schedule. RESA raised this concern in its June 22 correspondence to the Board. TPSs (and BGSPs) need to know the Class I RPS requirements in advance of each EY so that customer contracts and bids can be appropriately priced. Will the Board implement the Class I RPS increases at regular intervals each year between EY 2020 and

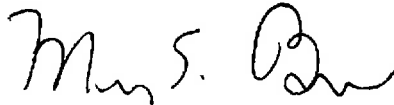
Ms. Peterson
December 5, 2018
Page 7 of 7

EY 2030? Will there be large jumps in the Class I RPS requirement to comply with the 2018 Clean Energy Act, or will the Board implement a schedule with a graduated increase?

RESA is pleased that the Board is convening a stakeholder session to address these important questions. RESA urges the Board to not consider steps that would undercut the "competitively neutral" requirements of the Clean Energy Act, and hopes that this correspondence will assist the Board in implementation of the Act.

Please do not hesitate to contact us with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Murray E. Bevan". The signature is fluid and cursive, with the first name "Murray" and last name "Bevan" clearly distinguishable.

Murray E. Bevan

cc: Grace Strom Power
Noreen Giblin
Paul Flanagan
Rachel Boylan
Bethany Rocque-Romaine
Caroline Vachier

Rockland Electric Company Comments in Docket No. EX18111244
In the Matter of Rulemaking proceeding to amend the Renewable Portfolio Standard
pursuant to P.L.2018, c.17

Comments of Rockland Electric Company (“Rockland” or “the Company”) in Docket No. EX18111244.

- 1. Whether to consider solar obligations to be included within the overall Class I obligations as a carve-out, such that SRECs submitted to satisfy the solar RPS will also be counted toward the satisfaction of the total Class I RPS rather than being considered additive to the Class I RPS. See Attachment C.**

Response: Beginning with Energy Year 2023, which starts on June 1, 2022, the Company believes the solar obligations should be included within the overall Class I obligations; therefore, the Company restricts its comments to Attachment C. The Company recognizes the need for certainty that potential Basic Generation Service (“BGS”) Suppliers require in Attachments A and B, and so will not comment on those attachments.

- 2. Whether the treatment of the increased Class I RPS obligations and the treatment of solar RPS are appropriately set forth in Attachment C.**

Response: Beginning with Energy Year 2023, which starts on June 1, 2022, the solar obligations should be counted as satisfying the total Class I RPS; therefore, the Company does not agree the solar RPS are appropriately set forth in Attachment C. The first column, Solar Renewable Energy, of Attachment C should be deleted so that Class I RPS obligation in the second column includes all Class I renewable energy as defined in N.J.A.C. 14:8-1.2. This definition includes electric energy produced from solar technologies. Including the solar renewable requirement as part of the Class I requirement allows all Class I eligible technologies to have the same opportunity to receive funding under the cost cap set in the Clean Energy Act, adopting a technology neutral approach to meet state goals. This encourages the development of diversified technologies while minimizing the impact of the higher cost of SRECs under the RPS programs.

Moreover, treatment of solar as a Class I renewable resource will continue to provide financial benefits to solar projects while considering the cost burden and cost shift placed on non-participating customers. Historically, the price of an SREC has been significantly higher than the price of a Class I REC.¹ Given the maturity of the solar market, the incentives paid to solar can be reduced. Transitioning solar projects to this new treatment can be accomplished in an orderly fashion. RECO proposes a transparent method that provides notice to third parties as to the incentives available.

¹ For example, the BPU’s NJ RPS Compliance History Report states that the estimated year-end weighted average price for a Class I REC was \$15.18 for Energy Year 2016, and \$12.12 for Energy Year 2017. However, the BPU’s NJ RPS Compliance History Report states that for the same periods, Energy Year 2016 and Energy Year 2017, the estimated year-end weighted average price for an SREC was \$220.85 and \$315.00, respectively. See <http://www.njcleanenergy.com/renewable-energy/program-updates/rps-compliance-reports>.

Rockland Electric Company Comments in Docket No. EX18111244
In the Matter of Rulemaking proceeding to amend the Renewable Portfolio Standard
pursuant to P.L.2018, c.17

Over-incentivizing one technology at the expense of other technologies in future years may hinder the achievement of the state's clean energy goals. This creates a more expensive method to achieving the state's clean energy goals, which would impact all customers, in particular those that do not adopt solar. RECO recommends future incentives be technology neutral and developed to incent technologies based on benefits provided to the grid and costs to customers. This approach can help achieve the State's clean energy goals in a way that provides the most grid benefits to all customers in a cost-effective manner. Support for all clean energy technologies in a technology-agnostic manner will further the State's goals to create an economy that creates clean energy jobs, leading to an environment in which New Jersey is known as a State where expertise resides.