

The transition of all accounts from the NJBTM REC tracking system to GATS was completed on October 1, 2009 with the following results:

- 2,960 NJ-based SREC and Class I BTM REC accounts transferred to GATS
- 3,516 generating units comprising 85.541 MW of distributed renewable energy generating capacity transferred to GATS, and
- 7,186 SRECs and RECs created for RY09 transferred to GATS

4. Reporting Year 2009 (RY09) Compliance Results

The RPS rules require electric suppliers and providers to submit compliance reports documenting how the percentage of retail sales requirements were met for solar, Class I and Class II renewable energy. RPS rule revisions at N.J.A.C. 14:8-2.11 (a) effective March 16, 2009 expanded the true up period by one month, as a result, reports for RPS Reporting Year 2009 were due by October 1, 2009. Prior to this rule change, regulated entities had been given three months from the end of reporting year to submit compliance reports. Electric Suppliers and Providers requested and were granted by the Board through rule adoption an additional month to facilitate accurate accounting of retail sales figures toward procuring the proper amount of SREC or RECs and making adequate compliance payments if required.

Twenty (20) distinct third party electricity suppliers (TPSs) and eighteen (18) distinct basic generation service providers submitted compliance reports indicating some level of retail electricity sales in RY09 (Appendix 2). The sum total of retail electricity sold in the four regulated electric distribution territories in New Jersey from June 1, 2008 through May 31, 2009 was 81,416,156 megawatt hours. Appendix 3 summarizes the historic RPS compliance results dating back to RY05, the first year in which RECs were allowed for use by the Board. The summary table contains REC retirement reported from both the NJ BTM REC tracking system and PJM-EIS GATS.

a. Solar; requirements and results

The RPS percentage requirement for solar electricity in RY09 was 0.16% of retail sales. Table 1 shows retail sales of 81,416,156 megawatt hours reported in RY09 resulted in an obligation to provide 130,266 SRECs or their equivalent in Solar Alternative Compliance Payments (SACPs). Regulated entities retired 75,532 SRECs and paid for 54,738 SACPs at the RY09 level of \$711 per MWh which summed to \$38,918,718 delivered to the NJBPU. On November 10, 2009, the Board approved the transfer of these funds into the New Jersey Clean Energy Program consistent the RPS rules at N.J.A.C. 14:8-2.10 (e).

Table 1. Solar RPS Compliance by TPS's and BGS Suppliers Summarized:

Reporting Year 2009 (06/01/08 - 05/31/09)

#	LSE Type	Load	Obligation	SREC Retired	SACP Paid(#)	SACP Paid (\$)
20	TPS's	17,835,159	28,537	19,666	8,874	\$6,310,836
13	JCPL's BGS Winners	18,772,765	30,036	20,393	9,643	\$6,855,462
7	ACE's BGS Winners	8,358,786	13,374	11,785	1,589	\$1,129,779
11	PSEG's BGS Winners	34,926,395	55,882	21,764	34,118	\$24,257,187
5	RECO's BGS Winners	1,523,051	2,437	1,924	514	\$365,454
56	Total	81,416,156	130,266	75,532	54,738	\$38,918,718

To qualify for issuance of an SREC in the NJ RPS, electric generation shall be produced by a generating facility that is interconnected with an electric distribution system, as defined at N.J.A.C. 14:8-2.2 that supplies New Jersey. As of June 1, 2008, the beginning of the RY09 period, approximately 3,100 solar electric systems totaling 56 MWdc capacity met the eligibility requirements for SRECs. An additional 31 MWdc of solar electric capacity was completed throughout the reporting year and contributed SRECs to the RPS compliance market (Table 2).

Table 2. New Jersey Solar Installations by Month in RY09

Month	Projects <= 10 kW			Projects > 10 kW			All Projects		
	# Projects	Total kW	Total Rebate \$	# Projects	Total kW	Total Rebate \$	# Projects	Total kW	Total Rebate \$
Jun-08	63	471.8	\$ 1,908,041	12	247.4	\$ 726,898	75	719.2	\$ 2,634,939
Jul-08	54	332.5	\$ 1,305,415	18	704.2	\$ 2,247,204	72	1,036.7	\$ 3,552,619
Aug-08	55	389.9	\$ 1,526,341	11	634.2	\$ 626,144	66	1,024.1	\$ 2,152,485
Sep-08	47	290.2	\$ 1,154,294	19	1,063.5	\$ 1,861,237	66	1,353.7	\$ 3,015,531
Oct-08	56	412.7	\$ 1,638,477	23	2,005.6	\$ 3,453,991	79	2,418.2	\$ 5,092,468
Nov-08	13	86.0	\$ 291,943	13	606.2	\$ 1,793,685	26	692.2	\$ 2,085,628
Dec-08	30	193.4	\$ 720,092	26	6,717.3	\$ 1,765,346	56	6,910.7	\$ 2,485,437
Jan-09	44	314.6	\$ 1,229,043	44	2,353.3	\$ 3,100,972	88	2,667.8	\$ 4,330,016
Feb-09	47	323.4	\$ 1,123,342	9	3,830.1	\$ 256,255	56	4,153.5	\$ 1,379,597
Mar-09	45	347.8	\$ 1,249,252	19	3,513.7	\$ 3,581,551	64	3,861.5	\$ 4,830,804
Apr-09	42	263.5	\$ 952,790	24	2,250.8	\$ 4,028,906	66	2,514.3	\$ 4,981,696
May-09	60	422.4	\$ 1,386,003	34	3,532.7	\$ 6,100,288	94	3,955.1	\$ 7,486,291
Total	556	3,848.1	\$ 14,485,033	252	27,458.9	\$ 29,542,476	808	31,307.0	\$ 44,027,509

Note: Solar installation data includes all projects requesting inspection in the NJCEP REIP rebate and SREC registration programs. Final reports for completed installations by month will vary from the preliminary reports as additional program requirements beyond inspection are fulfilled.

Table 3. New Jersey SREC Creation, Trade and Price Data, RY09

Month	Year	Active kW DC	SREC Quantity		Monthly		Cumulative	
			Issued in Month	Traded in Month	High (\$/MWh)	Low (\$/MWh)	# of SRECs Traded	Weighted Avg Price (\$/MWh)
Sept	2009	92,015	0	9,761	\$ 700	\$ 170	115,188	\$544.85
Aug	2009	89,660	836	14,761	\$ 700	\$ 250	105,427	\$539.49
Jul	2009	84,576	435	14,041	\$ 690	\$ 100	90,666	\$527.12
Jun	2009	83,695	16,911	25,090	\$ 695	\$ 110	76,625	\$513.68
May	2009	76,043	9,840	6,911	\$ 690	\$ 170	51,535	\$500.18
Apr	2009	69,796	7,857	6,732	\$ 685	\$ 200	44,624	\$490.55
Mar	2009	65,642	4,638	3,900	\$ 680	\$ 170	37,892	\$466.85
Feb	2009	65,293	3,668	4,177	\$ 681	\$ 100	33,992	\$462.37
Jan	2009	63,933	3,710	4,654	\$ 676	\$ 165	29,815	\$443.24
Dec	2008	59,144	5,471	9,497	\$ 680	\$ 110	25,161	\$417.13
Nov	2008	58,831	4,785	5,259	\$ 650	\$ 170	15,664	\$419.50
Oct	2008	58,557	4,880	4,873	\$ 600	\$ 170	10,405	\$391.52
Sept	2008	58,158	4,897	2,410	\$ 552	\$ 170	5,532	\$331.62
Aug	2008	56,644	5,866	2,285	\$ 560	\$ 170	3,122	\$345.52
Jul	2008	55,657	4,016	837	\$ 525	\$ 175	837	\$306.08
Total			77,810	115,188				

Note 1: The true-up period for trading of Reporting Year 2009 RECs/SRECs was extended to 9/30/09 by rulemaking effective March 2009. Final Reports and any ACPs were due by 10/1/09.

Note 2: Data includes RECs created and trades reported from both the NJ BTM REC System and the PJM-EIS GATS. The Active kW DC data is based upon generators that had registered in the New Jersey SREC system as of the end of the month. Additional projects that were installed but had not yet registered were not included in the values shown above.

The Office of Clean Energy estimates the total cost of compliance with the solar portion of the RPS requirements at \$80 million; \$38.9 million from SACP payments plus more than \$41 million from SRECs purchased for retirement estimated by multiplying 75,532 SRECs by the \$544.85 cumulative weighted average price of SRECs traded.

b. Class I; requirements and results

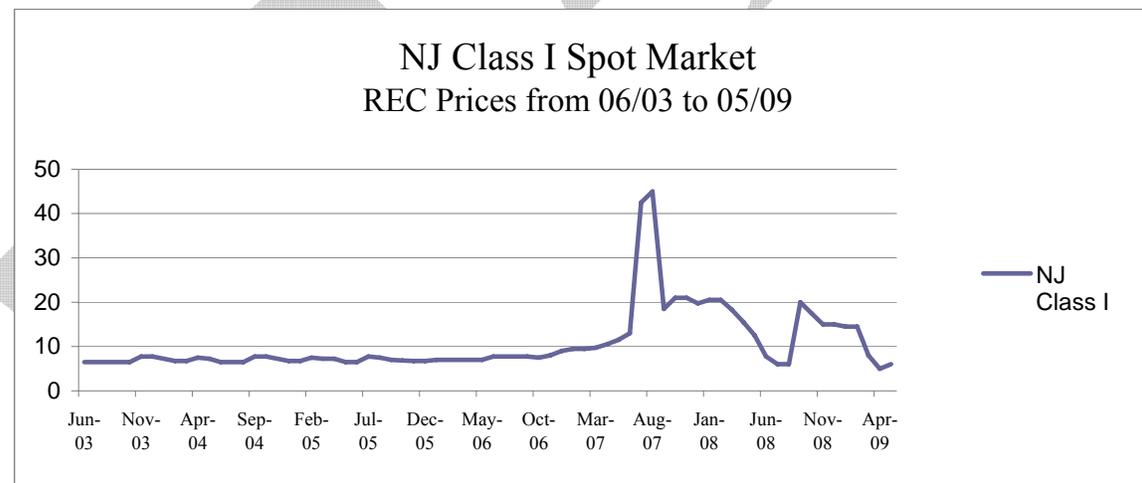
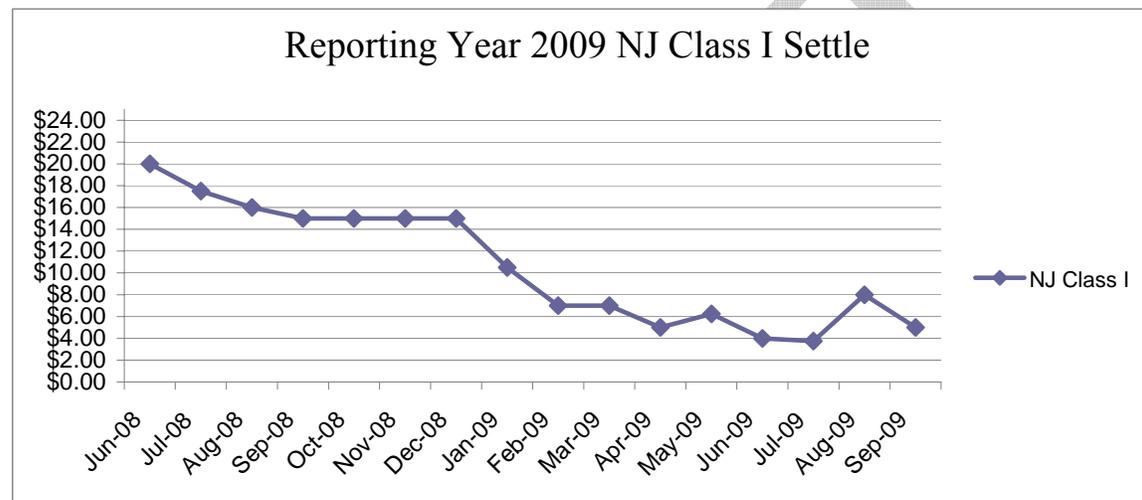
The RPS percentage requirement for Class I electricity in RY09 was 3.84% of retail sales. Retail sales of 81,416,156 megawatt hours in RY09 resulted in an obligation to provide 3,126,380 RECs or their equivalent in Alternative Compliance Payments (ACPs). Regulated entities retired

3,127,491 RECs and paid for no ACPs (Table 4). RY09 was the first year since RY05 that no ACPs were paid by regulated entities.

Table 4. Class I RPS Compliance by TPS's and BGS Suppliers Summarized Reporting Year 2009 (06/01/08 - 05/31/09)					
#	LSE Type	Load	Obligation	REC Retired	ACP Required
20	TPS's	17,835,159	684,870	685,974	0
13	JCPL's BGS Winners	18,772,765	720,874	720,875	0
7	ACE's BGS Winners	8,358,786	320,977	320,982	0
11	PSEG's BGS Winners	34,926,395	1,341,174	1,341,175	0
5	RECO's BGS Winners	1,523,051	58,485	58,485	0
56	Total	81,416,156	3,126,380	3,127,491	0

New Jersey Class I REC pricing data was not collected in either the NJ BTM REC system or the PJM-EIS GATS system. Evolution Markets, a REC brokerage firm, reported monthly average NJ Class I REC values ranging from \$3.75 to \$20 per REC (Table 5). Note that the price data supplied by Evolution Markets was not accompanied by data showing the quantity of trades from which the averages were calculated.

Table 5. Class I REC Prices Reported by Evolution Markets



Since PJM GATS does not collect price data for NJ Class I RECs, accurately estimating the total cost of compliance with the Class I portion of the RPS requirements is challenging. The Office of Clean Energy estimates the Class I requirements cost NJ ratepayers at approximately \$37 million calculated by multiplying 3,127,491 Class I RECs retired by an estimated average Class I REC price of \$12 per MWh and \$0 from ACP payments.

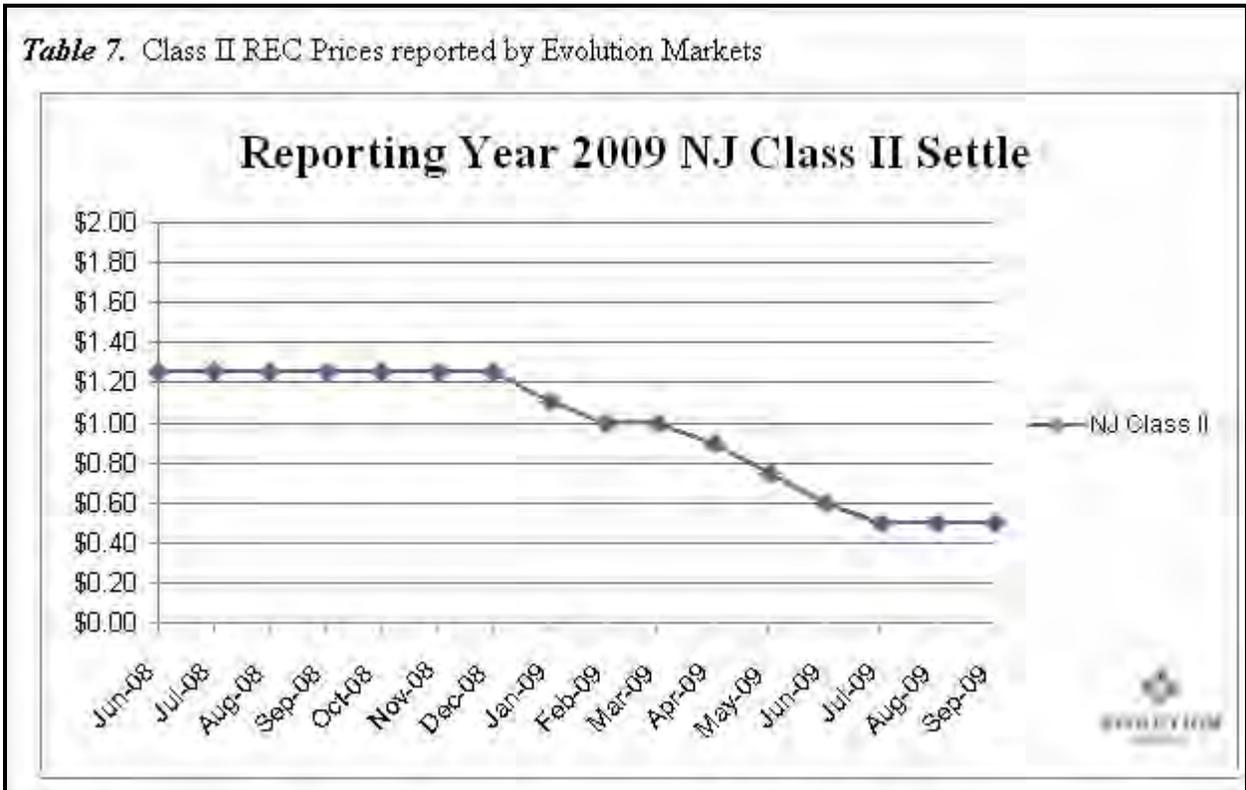
c. Class II; requirements and results

The RPS percentage requirement for Class II electricity in RY09 was 2.5% of retail sales. Retail sales of 81,416,156 megawatt hours in RY09 resulted in an obligation to provide 2,035,404 RECs or their equivalent in Alternative Compliance Payments (ACPs). Regulated entities retired 2,039,035 RECs and paid for no ACPs (Table 6).

Table 6. Class II RPS Compliance by TPS's and BGS Suppliers Summarized Reporting Year 2009 (06/01/08 - 05/31/09)

#	LSE Type	Load	Obligation	REC Retired	ACP Required
20	TPS's	17,835,159	445,879	449,508	0
13	JCPL's BGS Winners	18,772,765	469,319	469,319	0
7	ACE's BGS Winners	8,358,786	208,970	208,970	0
11	PSEG's BGS Winners	34,926,395	873,160	873,161	0
5	RECO's BGS Winners	1,523,051	38,076	38,077	0
56	Total	81,416,156	2,035,404	2,039,035	0

New Jersey Class II REC pricing data was not collected in the PJM-EIS GATS system. Evolution Markets, a REC brokerage firm, reported monthly average NJ Class II REC values ranging from \$0.50 to \$1.25 per REC (Table 7).



PJM GATS does not collect price data for NJ Class II RECs making accurate estimation of the total cost of compliance with the Class II requirements difficult. The Office of Clean Energy estimates the Class II requirements cost NJ ratepayers at approximately \$2 million calculated by multiplying 2,039,035 Class II RECs retired by an estimated average Class II REC price of \$1 per MWh and \$0 from ACP payments.

5. Recent Developments, Issues & Opportunities for NJ’s RPS

a. Implementing the NJ Energy Master Plan Recommendations

The New Jersey Energy Master Plan, released in October 2008, called for sweeping changes to New Jersey’s Renewable Portfolio Standards (RPS) (N.J.A.C. 14:8-2). The EMP calls for the State to exceed the current RPS percentage requirements by meeting 30% of the State’s electricity needs from renewable sources by 2020 and extending the RPS to 2025. In addition, a set of resource specific targets were also proposed to help meet these more aggressive goals including: