



Agenda Date: 12/18/13
Agenda Item: 2L-3

STATE OF NEW JERSEY
Board of Public Utilities
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Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)
ROCKLAND ELECTRIC COMPANY FOR APPROVAL)
TO IMPLEMENT AN EXTENDED SOLAR RENEWABLE)
ENERGY CERTIFICATE-BASED FINANCING)
PROGRAM PURSUANT TO N.J.S.A. 48:3-98.1 (SREC)
II PROGRAM)

ORDER APPROVING
STIPULATION

DOCKET NO. EO13020118

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
John Carley, Esq., Rockland Electric Company
Michael A. Gruin, Esq., Stevens & Lee, on behalf of Solar Energy Industries Association

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers a stipulation ("Stipulation") signed on December 13, 2013, by Rockland Electric Company ("RECO" or "Company"), the New Jersey Division of Rate Counsel ("Rate Counsel"), the Solar Energy Industries Association ("SEIA") and the Staff of the Board ("Staff") (collectively, "the Parties") extending with modifications RECO's Solar Renewable Energy Certificate ("SREC") -Based Financing Program ("SREC II Program"). For the reasons discussed below, the Board adopts the Stipulation.

BACKGROUND AND PROCEDURAL HISTORY

Pursuant to the requirements of the New Jersey Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 to -107 ("EDECA"), the Board has adopted Renewable Portfolio Standard ("RPS") rules, N.J.A.C. 14:8-2.1 to -2.11, that, among other things, require that a specified portion of the electricity supplied to New Jersey customers by each supplier or provider be supplied from solar electric generation systems. Under the RPS rules, suppliers and providers may comply with the solar requirements by submitting Solar Renewable Energy Certificates ("SRECs")¹ or by paying a Solar Alternative Compliance Payment ("SACP")², or by a combination of the two methods.

¹ An SREC represents the solar renewable energy attributes of one megawatt-hour of generation from an eligible solar generation facility. N.J.S.A. 48:3-51.

² In practice, the SACP sets the upper limit on the price of an SREC in the market.

At its agenda meeting on September 12, 2007³, the Board directed its Office of Clean Energy ("OCE") to initiate a proceeding to explore whether additional mechanisms could be established to support the financing of solar generation projects by providing greater assurances about the cash flow to be expected from such projects. The Board noted that factors in the availability of such financing include not only the assurances of long-term maximum prices for SRECs, as established by the rolling eight year SACP schedule, but also the degree of certainty about the minimum cash flow from such projects. The term "SREC-based financing" has been used generally to describe the provision of additional cash flow certainty to a project in exchange for the SRECs generated by a project, and includes contract solicitation programs and solar loan programs.

Following that proceeding, in an Order dated August 7, 2008 in Docket No. EO06100744 ("August 7 Order")⁴, the Board, among other things, ordered RECO to file a petition with the Board no later than January 31, 2009, for its participation in an SREC-based financing plan submitted by either JCP&L or ACE. The financing plan had to comply with certain project-design and filing requirements. In its December 10, 2008 Order on RECO's Motion for Reconsideration in Docket No. EO06100744, the Board reaffirmed its directive in the August 7, 2008 Order but modified it to permit RECO to file its own SREC-based financing program.

On February 2, 2009, RECO filed a petition for approval of an SREC-Based Financing Program, in BPU Docket No. EO09020097 (the Company's original SREC Program will be referred to herein as the "SREC I Program"). Following Board approval⁵, RECO implemented the SREC I Program and engaged in periodic solicitations for qualifying projects. The last solicitation for the SREC I Program was held in September 2011, and the contract awards thereunder were approved by the Board's Order dated November 9, 2011. The SREC I Program was fully-subscribed, and RECO reported that it has awarded SREC purchase agreements for solar photovoltaic projects that were designed to add approximately 3.769 MW of solar generating capacity in the Company's service territory.

In November 2011, OCE began a series of stakeholder meetings to develop recommendations related to the expiring electric distribution companies' ("EDCs") SREC-based financing programs, and address issues arising from the Solar Energy Advancement and Fair Competition Act L. 2009, c. 289 ("SEAFCA"), and the 2011 Energy Master Plan ("EMP"). Among the issues discussed during the stakeholder meetings was whether the EDCs' SREC-based financing programs should be extended or expanded.

By its Order dated May 23, 2012, In the Matter of the Review of Utility Supported Solar Programs, Docket No. EO11050311V ("May 23 Order") the Board authorized the extension of certain utility run solar financing programs previously approved by the Board for a total capacity of 180 megawatt ("MW") over three years, to be divided among the participating EDCs based on

³ In the Matter of the Renewable Energy Portfolio Standards -- Alternative Compliance Payments and Solar Alternative Compliance Payments Docket No. EO06100744, Order dated December 6, 2007.

⁴ In the Matter of the Renewable Energy Portfolio Standard: Amendments to the Minimum Filing Requirements for Energy Efficiency, Renewable Energy, and Conservation Programs, and for Electric Distribution Company Submittals of Filings in Connection with Solar Financing, Docket No. EO06100744 ("August 7 Order")

⁵ The Board approved a Stipulation of Settlement providing for RECO's implementation of the SREC I Program by an Order dated July 31, 2009 ("July 31, 2009 Order") In re the Verified Petition of Rockland Electric Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1, Docket No. EO09020097.

retail sales. RECO's share of the 180 MW, is approximately 4.5 MW. As part of the May 23, 2012 Order, the Board also directed the EDCs to include certain provisions in the extensions of their SREC-based financing programs (SREC II Programs") if they agreed to extend their programs.

RECO decided to implement a contract solicitation program that would extend RECO's SREC I Program, with certain modifications ("SREC II Program"). On December 13, 2012, RECO participated, via teleconference, in the pre-filing meeting required by the May 12, 2008⁶ Order with Staff, and Rate Counsel to discuss the nature of the proposed SREC II Program and describe the program's cost recovery mechanism.

On February 6, 2013, RECO filed a Verified Petition with the Board requesting approval of its SREC II Program ("Petition") pursuant to the Board's May 23 Order and pursuant to N.J.S.A. 48:3-98.1. As proposed, the RECO SREC II Program is a 4.5 MW program modeled closely on RECO's SREC I Program approved by the July 31, 2009 Order. However, based upon experience with the SREC I Program and the requirements of the May 23 Order, RECO has proposed certain new elements for the SREC II Program.

Among the new provisions, solar projects will be selected for contracting based on the lowest net present value cost of the agreement to comply with the direction in the May 23 Order that the selection process should be competitive. RECO is proposing four program segments: 1) net metered residential; 2) net metered small commercial solar photovoltaic projects less than or equal to 50 kwh; 3) net metered solar photovoltaic projects greater than 50 kw; and 4) grid-connected solar photovoltaic projects on closed landfills and brownfields. The Company proposes to allocate the proposed 4.5 MW of capacity in the following manner: Segment 1: .25 MW; Segment 2: .75 MW; Segment 3: 2.0 MW and Segment 4: 1.5 MW.

In addition, RECO proposes to recover its costs for the SREC II Program through its RGGI Surcharge in which RECO currently recovers costs related to its SREC I Program. The net revenue received from the auction of the SRECs that the Company purchases as part of the SREC-Based Financing Program will be applied to reduce the costs to be recovered through the RGGI Surcharge.

RECO's petition included Exhibits and Attachments, including the Testimony of Donald Kennedy and the Testimony of Cheryl Ruggiero. On March 6, 2013, Staff sent an administrative completeness letter to RECO.

By Order dated March 20, 2013, the Board retained RECO's petition for review and hearing, and as authorized by N.J.S.A. 48:2-32, designated Commissioner Mary-Anna Holden as the presiding officer with authority to modify the procedural schedule, rule on motions, and otherwise control the conduct of these proceedings.

By Order Setting Procedural Schedule dated April 19, 2013, Commissioner Holden adopted a procedural schedule agreed to by RECO, Staff and Rate Counsel contingent on the Board's approval of an extension of the 180 day review period. Thereafter, the Board on May 29, 2013

⁶ In the Matter of the Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1, Docket No. EO08030164, Order dated May 12, 2008.

extended the review period until October 29, 2013. On June 27, 2013, Commissioner Holden further modified the procedural schedule without extending the review period for RECO.

The parties agreed that no public hearings were necessary in this proceeding as there is no change in the rate impact.

The Parties engaged in an extensive discovery process and RECO responded to numerous data requests, and has informally provided additional data and information in connection with this proceeding. The Parties have also engaged in detailed settlement conferences and communications. A term sheet was circulated to the Parties whereby edits were made and which ultimately resulted in a draft stipulation being circulated. However, in an effort to finalize an agreement, the Parties agreed to extend the Review Period through December 31, 2013. That extension was approved by the Board by Order dated October 16, 2013.

The Parties have entered into a stipulation settling this matter dated December 13, 2013 ("Stipulation"). During the course of reviewing the SREC II petition, it was agreed that the efficiency of RECO's SREC II Program would be enhanced if the program undertaken by the Company was similar to and coordinated, to the extent feasible, with the SREC II Programs filed by ACE and JCP&L as is reflected in the Stipulation.

STIPULATION

Under the terms of the Stipulation, the Parties have agreed to the following:

1. Program Size and Duration. RECO will implement an SREC II Program whereby it will enter into SREC Purchase and Sale Agreements ("SREC-PSAs"), with solar project owners or developers ("Program Participants") selected through the competitive process described below. RECO will enter into SREC-PSAs with selected Program Participants for up to 4.5 MW of installed solar capacity in RECO's service territory, allocated among the three program segments described below, and solicited over a three-year period, as identified in the chart included as Attachment A to the Stipulation.
2. Program Segments. RECO will solicit solar capacity from the following program segments:

Segment 1. Net-metered residential and small commercial solar photovoltaic projects less than or equal to 50 kW.

Total Segment size: 1.0 MW [As set forth in the chart included as Attachment A to the Stipulation, this 1.0 MW amount would be allocated 250 kW in Solicitations 1, 2, 4 and 5. Any unsubscribed amounts could be reallocated to solicitations in Year 3.]

Segment 2. Net-metered commercial solar photovoltaic projects equal to 50 kW or greater.

Total Segment size: 2.0 MW [As set forth in the chart included as Attachment A to the Stipulation, this 2.0 MW amount would be allocated 500 kW in Solicitations 1, 2, 4 and 5. Any unsubscribed amounts could be reallocated to solicitations in Year 3.]

Segment 3. Grid-supply solar photovoltaic projects conditionally certified or fully certified by the Board as located on closed landfills, brownfields, or areas of historic fill.

Total Segment size: 1.5 MW [As set forth in the chart included as Attachment A to the Stipulation, any amounts unsubscribed after Year 2 would be reallocated to Segments 1 and/or 2 depending on what, if any amounts remain unsubscribed in those Segments.]

3. Program Participant Caps. The SREC II Program will have no Program Participant caps.
4. Joint Solicitation. The SREC II Program solicitations will be held jointly and in conjunction with the solicitation scheduled for ACE and JCP&L. Although the specific timing of individual solicitations identified in Attachment A to the Stipulation will be mutually agreed to by Staff, Rate Counsel, the EDCs and the Solicitation Manager ("SM"), the Parties agree that the following timetable for solicitation activities should apply to RECO for each round of its solicitation.⁷

When	Action
Day 1	Round X Solicitation ⁸
Day 46	Round X Bids due
Day 55	SM reviews preliminary recommendations with Staff, RECO, Rate Counsel for input
Day 65	Deadline for any opportunity for input – SM develops final recommendations to the Board
Day 75	SM submits Round X recommendations to Board <i>[with findings on: (a) competitiveness of process, (b) recommended awards, (c) Round Y MW, and (d) any special treatment of the small project segment relative to the Board's aspirational goal]</i>

⁷ Starting with "Day 46," references to "Days" are the approximate number of calendar days from the Round X Solicitation date, subject to adjustment if, for example, a "Day" falls on a weekend or holiday.

⁸ "Round X" means any given solicitation. "Round Y" means any given solicitation following Round X solicitation.

When	Action
Day 80	Board Meeting and Written Order ⁹ (Addressing Round X awards, Round Y MW; RECO and SM prepare notification documents and announcement materials reflecting Board decisions)
Day 85	Round X Final Awards (Announce results, Notify all bidders)
Day 110	Round Y Solicitation
Day 125	Execute Agreements with Round X Winners
Day 155	Round Y Bids Due

5. Metering. In all SREC Program II Segments, all Program Participants that have an SREC-PSA with RECO will have a separate meter, procured and installed and maintained at the customer's expense, to measure solar system output. Program Participants will be required to install the appropriate metering, at their cost, which meets the Company's, the Board's, and PJM's accuracy standards to record the solar generation of their solar project. Program Participants will be required to enter their meter readings in the PJM GATS system on a monthly basis, from which the PJM GATS system will create the appropriate number of SRECs at the end of each monthly period. Program Participants also will be required to execute a PJM GATS "Standing Order" for the term of the SREC-PSA (subject to change only in accordance with the SREC-PSA), which will automatically transfer the created SRECs from Program Participants' GATS accounts to RECO's GATS account, which RECO can confirm and accept or reject as appropriate. The PJM GATS system has an algorithm in place so that the recorded generation aligns with the monthly estimated projection for the indicated size of the solar installation. RECO will have the opportunity to validate metered generation entries during each annual period. SRECs will be tracked using the PJM GATS platform.

6. Payment Aggregation and Host Waiver Form for Segment 1. Separate bids must be submitted for each proposed solar project. Each solar project will be ranked and selected individually. A developer will submit the form of acknowledgement and certification (including a waiver of rights), as set forth in Attachment B to the Stipulation, from the host customer (if any) on whose property the developer's solar project will be located. Such acknowledgement and certification shall become part of the applicable SREC-PSA for the proposed solar project. An entity with multiple executed SREC-PSAs may elect to have a single check issued to it per quarterly pay period.

7. Project Eligibility for Net-Metered and Grid-Connected Projects. Only new solar projects that are not constructed will be eligible for participation in the SREC II Program, Segments 1 and 2. Any participating solar project must not yet be interconnected (i.e., received permission from the RECO to operate) and the solar project will not have requested final interconnection approval from RECO prior to the Board Order approving the results of each solicitation. If a project is completed and

⁹ Timing of Board action is subject to schedule of Board agenda meetings and/or ability to schedule an extraordinary Board meeting.

interconnected following Board approval and prior to the execution of an SREC-PSA, RECO will not purchase SRECs generated prior to the commencement date of the SREC-PSA. Aggregated net metered projects, including those permitted under N.J.S.A. 48:3-87(e)(4), will be ineligible to participate in the SREC II Program. A net metered project shall comply with N.J.A.C. 14:8-4.1 (b), which requires, among other things, that a project shall deliver to the meter of one net metering customer through wires and/or other equipment installed, owned and operated by the customer or the project owner and not by RECO.

To be eligible for participation in Segment 3, a solar project must have been conditionally or fully certified by the Board pursuant to Subsection (t) of the Solar Act of 2012 (L. 2012, c. 24). To receive full approval pursuant to Subsection (t), a solar project is required by the Board to have fulfilled all applicable New Jersey Department of Environmental Protection permit requirements for construction of the solar facility. Thus, these solar projects may be interconnected and may have requested final interconnection approval prior to the Board Order approving the results of each solicitation. If a Segment 3 project is completed and interconnected prior to the Board approval and prior to the execution of an SREC-PSA, RECO will not purchase any SRECs generated prior to the commencement date of the SREC-PSA.

Segment 3 applicants must submit an affidavit with their solicitation bid package attesting that all remediation unrelated to the installation or operation of the solar facility has been completed and that no portion of the SREC price bid is attributable to remediation unrelated to the solar facility. Segment 3 applicants must also provide to the Solicitation Manager, with their bid package, an itemization of costs related to the "additional cost of constructing and operating a solar electric power generation facility on a brownfield, on an area of historic fill, or on a properly closed sanitary landfill."¹⁰ The applicant must express the costs on an absolute basis, as well as on a dollar per MWh basis, to enable an analysis by the Solicitation Manager of competitiveness and that no remediation costs unrelated to the solar facility have been included.

RECO will not allow a solar project, whether net-metered or grid-connected, to participate in the SREC II Program where the net metering customer has any existing photovoltaic ("PV") capacity installed to deliver energy on the customer's side of a meter that receives electric distribution service from RECO, or the grid-connected site contains an existing solar generator, unless the proposed grid-connected project is completely separated from the existing generation. RECO will also preclude any future construction or expansion of PV capacity under the SREC II Program at sites receiving payments under SREC PSAs from either the SREC I or SREC II Programs. If a parcel contains multiple individually metered retail electric customers, each would be eligible to have a single project serving its individual electric meter as a net metered customer.

¹⁰ The costs required to upgrade the distribution system beyond any standard interconnection based on the system's size shall not be included in the itemization of costs or recovered through the SREC II Program.

The SREC II Program does not permit multiple projects to serve a net metered customer on the customer's side of the same RECO meter. Similarly, a single project cannot encompass both net-metered and grid-connected interconnections.

8. Limitation on Total SRECs Purchased Over the Term of the SREC-PSA. The total number of SRECs that RECO will be required to purchase over the entire term of a SREC-PSA shall be limited based upon a cap of 1350 kWh of solar generation per kW DC, based upon the smaller of the solar project's capacity as bid and awarded or constructed. For example, a 10 kW project with a 10 year contract term would have a contract limit of 135 SRECs (*i.e.*, 1350 kWh x 10 kW / 1000 x 10 years). The Parties recognize that in certain years a solar project may over-generate and other years the solar project may under-generate. The contract term of a SREC-PSA would be limited to the earlier of 10 years or the achievement of maximum SREC purchases, whichever occurs first.

A Program Participant is allowed to build within +/- 10% of bid capacity for the solar project. The above described SREC purchase limit under the SREC-PSA will be based on the smaller of the bid capacity or the as-constructed capacity.

9. Time for Project Completion. Segment 1 - six months with one automatic three-month extension, provided the Program Participant has filed necessary permits with the local government and provides the appropriate certification to RECO. The Program Participant will submit a certification that permits have been filed in order to secure the three-month extension.

Segments 2 – 12 months with the possibility for one six-month extension. The Program Participant must file an application for extension with RECO between 90 days to 14 days prior to end of the initial 12-month period. Terms for extension are the same as agreed upon by parties under the amended PSA Extension Stipulation in the SREC I Program: (i) whether the Program Participant can document significant progress toward completion of the solar project, and (ii) whether the delay was unavoidable and unforeseeable at the time of the execution of the SREC-PSA.¹¹

Section 3 – 24 months, contingent on meeting milestones described below.

- At the time of bid: (1) approved (or conditionally approved) Section 1 application; and (2) (i) have received a system impact and feasibility study from PJM, or (ii) have received written verification that such system impact and feasibility study is waived by or otherwise deemed unnecessary by PJM, or (iii) have received alternative verification from the utility of its acceptance of the project's proposed interconnection.
- At nine months from contract signature: Interconnection Service Agreement signed with PJM (if applicable) and the EDC and, if needed for the project, an Interconnection Construction Service Agreement signed with PJM (if applicable).

¹¹ In re Nautilus Solar KMBS, LLC Extension Request for Solar Renewable Energy Certificate Purchase Sale Agreement with Rockland Electric Company, Docket Nos. EO12100914V and EO12100915V, Order dated January 24, 2013.

- At 15 months from contract signature: (i) received all state and local permits, certificates and authorizations for construction; and (ii) commenced construction of the PV system site (*i.e.*, more than site preparation).
- The EDCs shall rely on a certification by the developer in determining whether milestones are met. Failure to meet the milestone triggers termination of the project.

The Board shall have the sole authority to grant any additional extensions in any of the three segments. A request for a second extension shall be made prior to the expiration of the first extension. The Parties recommend that a second extension shall be for one month for projects of 10 kW and less and for three months for projects over 10 kW. A second extension will only be granted if all criteria for a first extension have been met and, in addition, all modules and other equipment are on site and completion is imminent.

If a solar project with an approved extension is not interconnected prior to the twelve month anniversary of the Effective Date, the period during which the EDC is obliged to purchase SRECs at the SREC-PSA price shall be deemed to have begun upon the anniversary of the Effective Date, regardless of whether the solar project was timely completed.

10. Reporting. Results from a given solicitation shall be published in the Board Order announcing the results of the subsequent solicitation.

RECO shall provide to the Board on a quarterly basis a list of completed projects by SRP number, along with the host facility name and full address and date of authorization to energize.

11. Cost Recovery, Program Participant Fees, and SREC Transaction Fee. RECO will charge the direct costs of purchasing SRECs from Program Participants, pursuant to SREC-PSAs ("Direct Costs") to the RGGI Surcharge. RECO will credit the gross proceeds from the auction and sale of all such SRECs ("SREC Sale Revenue") to the RGGI Surcharge. Ratepayers will be responsible for covering all Direct Costs that are not covered by SREC Sale Revenue, including interest that accrues on the under/over recovered balance of Direct Costs in the Rider Surcharge (with the exception of "Delay Interest", as defined herein below). If SREC Sale Revenue exceeds the Direct Costs, then any such over-recovery will be deferred and applied to recovery of future SREC Direct Costs. Interest shall accrue on the under/over recovered balance of Direct Costs at a rate based on U.S. Treasury securities at two-year constant maturity as published in the Federal Reserve Statistical Release on the first day of each month (or closest day thereafter on which rates are published), plus sixty basis points, but not to exceed Rockland Electric's overall rate of return, in accordance with the Board's October 21, 2008 Order in Docket No. ER08060455. The interest rate will be reset each month and its calculation will be based on the net of tax beginning and ending average monthly balance. RECO will accrue simple interest with an annual roll-in at the end of each year. If, at the end of the SREC II Program cost amortization (which would not be earlier than the end of the ten-year contract terms of any SREC-PSAs executed during Year 3 of the SREC II Program), there is a net over-recovery of SREC Sale Revenue relative to Direct Costs of purchasing SRECs, then this over-recovery will be, in the first instance, used to

offset any under-recovered Administrative Costs. Thereafter, any over-recovery will be returned to ratepayers through the RGGI Surcharge.

RECO's administrative costs shall include all costs other than Direct Costs, including but not limited to internal labor costs, auction-related costs, interest on the delay in initially selling SRECs ("Delay Interest"), and SREC transaction fees (collectively, "Administrative Costs"). Program Participant Fees, as defined below, will be fixed through December 31, 2018. Administrative Costs and Program Participant Fees would be deferred and tracked separately from Direct Costs. Any under-recovery/over-recovery of Administrative Costs and Program Participant Fees, including the interest that accrues on any under-recovery/over-recovery of Administrative Costs and Participant Fees, will not be subject to recovery from ratepayers, but will be deferred for accounting purposes until such time there is a true-up of Administrative Costs and Program Participant Fees. For the purpose of clarity and avoidance of doubt, while the Administrative Costs and the offsetting Program Participant Fees will be charged/credited to the RGGI Surcharge for accounting and tracking purposes, as well as for prudence review, neither the Administrative Costs nor the Program Participant fees will be incorporated into the RGGI Surcharge rates.

After five years, there will be a true-up of Administrative Costs (including interest, if applicable) and Program Participant Fees, and Program Participant Fees will be adjusted accordingly on a prospective basis. Beginning January 1, 2019, RECO will implement annual Program Participant Fee adjustments that will reflect any prior-year under-recovery/over-recovery as well as a projection of Administrative Costs over the next annual period. Beginning January 1, 2015, the Administrative Costs will be subject to review for reasonableness and prudence in the context of RECO's annual RGGI Surcharge true-up filings.

RECO will assess Application Fees, Assignment Fees and Solar Developer Fees (collectively, "Program Participant Fees") to Program Participants. The Parties agree that the purpose of the Program Participant Fees is to allow RECO to recover all of its administrative costs for the SREC II Program from Program Participants.

RECO will charge a non-refundable "Application Fee" of \$150 for each application to participate in a SREC II Program solicitation. The revenues RECO collects in Application Fees will be credited to the RGGI Surcharge.

RECO will charge an "Assignment Fee" for each SREC-PSA assignment. The Assignment Fee will be set at \$1,000 per assignment of an SREC-PSA. This amount will be billed directly to the Program Participant under the SREC-PSA that is seeking to assign it. The revenues RECO collects in Assignment Fees will be credited to the RGGI Surcharge.

RECO will charge a "Solar Developer Fee" of \$30 for each SREC purchased. The revenues RECO collects in Solar Developer Fees will be credited to the RGGI Surcharge. The Parties agree that the Solar Developer Fee has been set based on the expectation that there will be no more than three solicitations per year with solicitation manager costs substantially similar to the SREC I program, an assumed level of solar generation of projects in the SREC II Program of 1200 kWh per kW DC,

and an assumed total Program size of 4.5 MW DC. The revenues RECO collects in Solar Developer Fees will be credited to the RGGI Surcharge.

The Parties agree that, except as otherwise described herein, common administrative costs between RECO's SREC I Program and SREC II Program shall be allocated based on the total actual (for SREC I) or forecasted (for SREC II) solar capacity installed for each Program. RECO's administrative costs for the SREC auction shall be allocated between the SREC I and SREC II Programs based on the number of SRECs sold at each auction from each Program. SREC I and SREC II costs and revenues will be separately tracked and any costs and revenues that go through the RGGI Clause will be identified as a separate sub-component under the RGGI Rider as SREC I and SREC II.

SREC sales will not begin until Energy Year 2016, or as provided under the May 23, 2012 Order. In the interim, the Company can apply Delay Interest at a monthly rate based on the weighted after-tax cost of capital as determined in the Company's most recent base rate case, currently set at 8.21% for RECO.¹² After SREC sales begin in Energy Year 2016, the default RGGI clause rate (*i.e.*, two-year Treasury rate at August 1 of each year, currently 0.24% annually) will apply to the cost of SRECs while in inventory.

RECO will sell the SRECs that it purchases under the SREC II Program through the same auction process that the Board has approved for the SREC I Program and the other EDCs' SREC programs.

RECO will recover an SREC Transaction Fee of \$39.11 for each SREC it purchases under the SREC II Program. The SREC Transaction Fee will be collected from Program Participants by subtracting the SREC Transaction Fee from the payments RECO remits to the Program Participant under each SREC-PSA.¹³ The SREC Transaction Fee will remain in effect for the duration of the SREC-PSAs entered into by RECO pursuant to the SREC II Program, and will not be taken into account in the future for purposes of establishing RECO's base rates.

12. Solicitation Process. The solicitation process (including, specifically, issues such as the competitiveness of the solicitation process, assessment/ranking of competing bid prices, and regulatory review/approval process) is described below:
 - a. Projects with which RECO will enter into SREC-PSAs will be selected through a solicitation process entailing the issuance of a Request for Proposals ("RFP"). The SM will be responsible for finalizing the terms of the RFP and the solicitation process with input from RECO and the participating EDCs.

¹² I/M/O the Verified Petition of Rockland Electric Company for Approval of Changes in Electric Rates, its Tariff for Electric Services, its Depreciation Rates, and for Other Relief, Docket No. ER09080668, Decision and Order Approving Stipulation and Adopting Initial Decision (dated May 12, 2010).

¹³ For example, if the full purchase price obtained through the auction process for the sale of an SREC (provided by the Program Participant) is \$100, RECO will pay the Program Participant \$60.89 and retain \$39.11. RECO will assign the full purchase price of \$100 to the program RGGI accounting.

- b. The pricing in the proposals submitted in response to the RFP must be the same for the entire term of the SREC-PSA.
 - c. Proposed solicitation RFP will (i) articulate that projects will be ranked by price (i.e., the price per SREC over the ten-year term of the SREC-PSA using a discount rate of 8.26% for RECO, (ii) state that prices will be reviewed for competitiveness; (iii) reference an unspecified price limit; and (iv) clearly articulate that the full MW solicited may or may not be awarded based on an assessment of the competitiveness of pricing resulting from the solicitation.
 - d. Published award results will include (by sector): ___ bids received totaling ___ MW; ___ awards totaling ___ MW; ___ bids totaling ___ MW were rejected for reasons such as developer caps, price, etc.
 - i. Individually accepted prices will not be posted. The low and average price for all accepted projects will be posted on the Board's web-site.
 - ii. Submitters of rejected bids will be advised by the SM as to the basis for rejection, and eligibility for subsequent rounds (i.e., relative to developer cap compliance).
 - e. The names of bidders in the RFP will not be disclosed to the SM. Instead, the SM will see only numbers or other identifiers assigned to bidders under a system developed and administered by Staff.
 - f. The SM will review preliminary results and recommendations with RECO, Staff and Rate Counsel for input, but final recommendations for Staff presentation to the Board shall be based on the SM's own independent assessment (i.e., allow SM 10 days free of input).
 - g. All solicitation awards and the execution of SREC-PSAs with winning bidders will be explicitly approved by the Board within approximately five days after submission of SM recommendations. The SM will be available during the Board's deliberations to respond to its inquiries about its recommendations.
 - h. Within 14 days of Board approval of a bid selection, the winning bidder must provide a cash deposit equal to \$75 per project kW, but not less than \$500 and not more than \$20,000. The deposit will be returned to the bidder, without interest, at the Commencement Date (as defined in the SREC-PSA) or will be forfeited in accordance with General Term and Condition A.11 of the SREC-PSA.
13. SREC-PSA. Each SREC-PSA will be executed no sooner than 45 days after the issuance of the written Board Order approving the relevant solicitation award and execution of the related SREC-PSA. The form of SREC-PSA to be used in each segment of the SREC II Program is set forth in Attachment C to the Stipulation. The SREC-PSA will have a term of ten years.
14. Ranking Methodology. The ranking methodology to assess competing bids in the solicitation process will be as follows:

- a. Bid outlier rejection process: RECO, Staff and Rate Counsel will send to the SM, for its consideration, their recommendations for a pricing "soft cap" (i.e., guidance as to the price above which bids should not be accepted) that will consider, among other things, the lowest SREC price bid, the SACP and the distribution of SREC prices for all projects submitted. Such recommendations will be provided within 15 days of SM selection/award. Only the SM, the EDCs, Staff and Rate Counsel, shall participate in this process.
- b. The SM's review process will not include review of the financial basis for proposed pricing (e.g., credit worthiness, financial underpinnings for proposal, terms of agreement with host customer [if any]).
- c. Project pricing will be ranked according to the price per SREC over the ten-year term of the SREC PSA.
- d. Ranking will be conducted by the SM, in sequence:
 - i. Review proposals for eligibility and completeness – reject ineligible/incomplete proposals and those without application fee payment.

Rank proposals by price per SREC.

- iii. The Parties agree that, except as provided in Section 16(a) below, there should be no developer cap for the Program and recommend that the Board grant a waiver of the developer cap for the Program.
 - iv. Assess segment participation in the solicitation and ranking process.
 - v. Develop preliminary findings (segment participation, developer cap, competitiveness of pricing, recommendations for next round of solicitation, etc.).
 - 1. The last accepted proposal in the solicited block may not yield an aggregate MW of project agreements that exceeds the size of the block by more than 150 kW.
 - vi. Present preliminary findings and recommendations to the EDCs, Staff and Rate Counsel for input.
 - vii. Following input, prepare recommendations to the Board, which will be presented to the Board by Staff.
15. Coordination. RECO will coordinate its sale of purchased SRECs to the extent feasible with the other EDCs and the Public Service Electric and Gas Company

("PSE&G") auction of SRECs that PSE&G acquires under its solar loan program.

16. Miscellaneous Elements. Other miscellaneous elements of the SREC II Program are as follows:
 - a. RECO will not bid SREC projects into this process.
 - i. Subject to the foregoing, affiliates of RECO that are not regulated by the Board, including Orange and Rockland Utilities, Inc., Consolidated Edison Company of New York, Consolidated Edison, Inc. and their subsidiaries and affiliates, may bid SREC projects into this process up to a cap of 50% of the MW goal to be solicited for each year of the three years in the Program as set forth in paragraph 3 (i.e., 2009/10, 2010/11, and 2011/12) that takes into account awards in prior rounds of solicitations in the annual cycle (i.e., no one entity or combination of affiliated entities can obtain more than 50% of the MW goal for any one year of the Program.)
 1. in applying the RECO affiliate cap, the last accepted RECO affiliate proposal may not yield aggregate MWs that exceed the cap by more than 50kW.
 - b. Required Bid Documents:
 - i. Project Proposal Summary Sheet (including definition of, among other things, project, project location, RECO customer information - including copy of electric bill, proposed price and SREC-PSA term, developer and developer affiliations, "segment", and class of service).
 - ii. Agreement to sign standard SREC-PSA within designated timeframe.
 - iii. Signed Customer Acknowledgment (i.e., describing relationship with project developer, title to SRECs, describing any relationship between the project and the EDC).
 - iv. Agreement to provide PJM with a signed Schedule A – Generator Owner's Consent and/or to create a standing order for the transfer of SRECs to RECO if RECO determines either or both to be necessary.
 - v. Completed registration materials with the SREC Registration Program or its successor program (and, in either case, all attachments thereto).
 - vi. Pursuant to Section 7 above, Segment 3 applicants must submit a Board certification pursuant to Subsection (t) of the Solar Act of 2012, an affidavit regarding remediation activities, and an itemization of costs.

DISCUSSION AND FINDINGS

The Board, in evaluating the Stipulation must review the record, balance the interests of the ratepayers and the shareholders, and determine whether the settlement represents a reasonable disposition of the issues.

In considering the merits of the Stipulation, the Board is mindful of the legislative and policy context within which it acts. EDECA established requirements to advance energy efficiency and renewable energy in New Jersey. N.J.S.A. 48:3-87. The Legislature has amended EDECA several times in the succeeding years, notably with the Solar Energy Advancement and Fair Competition Act, L. 2009, c. 289 and the Solar Act of 2012, L. 2012, c. 24. SEAFCA increased New Jersey's RPS and mandated that in order to be eligible to serve as the basis for the creation of SRECs, a solar system must be connected to the distribution system in New Jersey.

By 2011, New Jersey had seen a surge in construction of solar energy facilities due to the high price of SRECs, the Federal Investment Tax Credit, and the decline in the cost of the photovoltaic panels. The SREC market for Energy Year 2012 was supplied fully within the first two months and, as a result, SREC prices dropped dramatically. In the 2011 EMP, the Administration proposed "to take action to provide relief to the solar industry and give certainty to the financial community [and] provide continued opportunities for market participation in all sectors[.]" EMP at 105. Further, the EMP recommended limiting SREC eligibility to "promote solar installations that provide economic and environmental benefit[s]." Id. at 106.

Projects that offer a "dual benefit" for commercial and industrial, as well as government and school applications should take priority for approval. Brownfields and landfills, in particular, are well-suited for the development of large solar generation. Some of these properties cannot be developed for general commercial or residential purposes and may not provide adequate revenue to the towns and counties where they are situated. However, solar development can offset the costs to cap and or remediate these sites and should be encouraged where local government has determined it to be the best use of the property. [EMP at 107]

The Solar Act implemented the policy directive of the EMP, and seeks to bring balance to the over-supplied market by increasing the solar RPS again and reducing the SACP while placing controls upon the eligibility of certain projects to generate SRECs. The Solar Act also defined "connected to the distribution system" to include several specific categories of solar projects, including those which are net metered and those which are owned by or financed by an EDC pursuant to N.J.S.A. 48:3-98.1.¹⁴ At the same time, the Solar Act provides that any solar project located on a site which had been certified by the Board, in consultation with the Department of Environmental Protection ("DEP"), as being a landfill, brownfield, or area of historic fill would automatically be deemed "connected to the distribution system." N.J.S.A. 48:3-87(t). The Solar Act thus codifies a clear legislative intent to promote solar generation in these areas.¹⁵ Moreover, the Solar Act directed the Board to develop a supplemental incentive to cover the additional costs of constructing solar generation upon these challenging sites. Ibid.

¹⁴ Solar facilities owned or operated by an electric public utility and approved by the Board pursuant to N.J.S.A. 48:3-98.1 are defined as "connected to the distribution system." N.J.S.A. 48:3-51.

As stated earlier, by Order dated May 23, 2012, the Board authorized the extension with modifications of certain utility run solar financing programs previously approved by the Board pursuant to an Order dated August 7, 2008 for a total capacity of 180 MW over three years. The total capacity was divided among the participating EDCs based on retail sales. RECO's share of the 180 MW was 4.5 MW. As part of the May 23 Order certain provisions and requirements were identified to be included in the framework for the extended EDCs' SREC Programs which the Board found to be consistent with its renewable energy policies, the EMP, and the requirements of EDECA and SEAFCA. As noted above, RECO's SREC II Petition was filed in response to the May 23 Order. Thus, in reviewing the merits of the Stipulation, the Board must also consider whether the Stipulation complies with the May 23 Order and must also consider the provisions of the intervening Solar Act.

The Board has carefully reviewed the Petition, the Stipulation, and record in this matter in the context of the May 23 Order, to ensure that the provisions of the May 23 Order have been sufficiently addressed. The Board is satisfied that the RECO SREC II Program as modified by the Stipulation is in compliance with the program elements and criteria set forth in the May 23 Order, the policies of the Board, SEAFCA, the Solar Act and the EMP.

The May 23 Order stated that the EDCs could offer a loan and/or solicitation program; RECO's SREC II Program is a solicitation program. RECO will enter into SREC PSAs for up to 4.5 MW (DC) of installed solar capacity in RECO's service territory, allocated among three program segments, and solicited over a three year period. The May 23 Order also stated that if beneficial to the ratepayers, the timeframe of the solicitation shall be on a decreasing trend for the Extended EDC SREC Programs to assist in transitioning to a competitive solar market. Moreover, in the effort to transition from SREC programs to a competitive solar marketplace, the solar RPS rule revisions will include a reduction of the SREC qualification life to 10 years for new projects. Under RECO's SREC II Program, there are limitations on total SRECs purchased over the term of the SREC PSA, and the contract term of a SREC-PSA would be limited to the earlier of 10 years or the achievement of maximum SREC purchases, whichever comes first. Thus, the term will no longer go beyond 10 years, a reduction from the 10 to 15 year terms under RECO's SREC I Program and consistent with the goal of transitioning to a competitive solar market. Additionally, projects will be selected for participation in the Program through a competitive bidding process which should also help reduce cost.

Moreover in addition to the fact that RECO's SREC II Program has set asides for residential and small business market segments, it also has a set aside for grid supply solar projects conditionally or fully certified by the Board as located on closed landfills, brownfields or areas of historic fill under RECO's SREC II Program Segment 3. This set aside meets the directives set forth in N.J.S.A. 48:3-87(t) stating that the Board should establish a program that provides SRECs "to owners of solar electric power generation facility projects certified by the Board, in consultation with the Department of Environmental Protection, as being located on a brownfield, on an area of historic fill or on a properly closed sanitary landfill facility, including those owned or operated by an electric public utility". Moreover, in the effort to keep costs down, the Stipulation reasonably establishes safeguards against remediation costs for this segment from being passed through the solicitation price. In addition, the RECO SREC II Program establishes Segments for residential and small commercial net-metered solar photovoltaic projects less than or equal to 50 KW through Segment 1 and for larger solar photovoltaic projects greater than 50 KW up to 2 MW to comply with the May 23 Order.

The RECO SREC II Program under all market segments passes the administrative costs onto Program Participants, and not as subsidies absorbed by ratepayers as under the SREC I

Program. Pursuant to the Stipulation, any under/over recoveries of the administrative costs and program participant fees including any interest on over/under recoveries will not be recovered from ratepayers. Again this is consistent with the May 23 Order which stated that “[t]he EDC’s costs for developing, implementing and managing the extended EDC SREC program including all SREC transition fees, all loan serving fees, and any fees associated with the EDC’s weighted average cost of capital, and all administrative fees would be paid for by the solar developer or the generation customer.” May 23 Order at 27.

The Stipulation also calls for RECO to credit the gross proceeds from the auction and sale of all such SRECs to the RGGI Surcharge to the benefit of ratepayers and as compensation for the Direct Costs that ratepayers absorb for the cost of purchasing the SRECs by RECO via the SREC-PSA. The Board **FINDS** that this complies with the May 23 Order, and that these cost reducing measures are consistent with the EMP and the Board’s policy to minimize costs to ratepayers.

The Board believes that RECO’s SREC II Program will deliver significant benefits to the State, fairly balance the desire to maintain a healthy solar industry in the State with the desire to minimize costs to ratepayers, and if properly executed, will move the solar portion of the Renewable Energy program closer to a market-based approach and, accordingly, reduce ratepayer subsidies by having all administrative costs borne by the SREC II Program Participants and by having SREC prices determined under competitive solicitation, and by limiting the term for the SREC-PSAs to the earlier of 10 years or the achievement of maximum SREC purchases, whichever comes first, a reduction from the 10 to 15 year term under the SREC I Programs. Additionally, SRECs purchased may not be sold before Energy Year 2016, unless the SREC market is in balance or under supplied prior to that date, hopefully minimizing any additional impact on that market, and on ratepayers, as also required by the May 23 Order.

Thus, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest and in accordance with the law. More specifically, the Stipulation is consistent with the policies of the Board, the EMP, the requirements of EDECA, SEAFCA and the Solar Act, and the May 23 Order.

Accordingly, the Board **HEREBY ADOPTS** the attached Stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein and **HEREBY APPROVES** the RECO SREC II program.

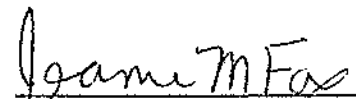
To implement the delayed SREC sales provision of the Stipulation which is intended to minimize the additional impact on the solar market and ratepayers, the Board **HEREBY DIRECTS** Staff to open a rulemaking to incorporate the specifics of this sale through any necessary amendments to the RPS rules.

The Board HEREBY RATIFIES the Orders issued by Commissioner Holden during the proceedings for the reasons stated in those Orders.

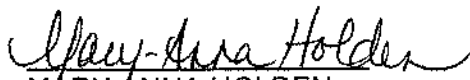
DATED: 12/18/13

BOARD OF PUBLIC UTILITIES
BY:


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PRESIDENT


JEANNE M. FOX
COMMISSIONER

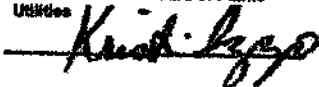

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR
APPROVAL TO IMPLEMENT AN EXTENDED SREC BASED FINANCING PROGRAM
PURSUANT TO N.J.S.A. 48:3-98.1 (SREC II PROGRAM)
DOCKET NO. EO13020118

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

----- X
:
In the Matter of the Verified Petition of :
Rockland Electric Company for Approval to :
Implement an Extended SREC-Based : **STIPULATION OF**
Financing Program Pursuant to N.J.S.A. 48:3- : **SETTLEMENT**
98.1 (SREC II Program) :
:
BPU DOCKET NO. EO13020118 :
:
----- X

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement (“Stipulation”) is hereby made and executed as of November ___, 2013, by and among Rockland Electric Company (“RECO” or “Company”), the Staff of the New Jersey Board of Public Utilities (“Staff”), the State of New Jersey, Division of Rate Counsel (“Rate Counsel”), and the Solar Energy Industries Association (“SEIA”) (each, a “Party” and, collectively, the “Parties”) in settlement of the above-captioned proceeding.

RECO, Staff, Rate Counsel and SEIA join in recommending that the New Jersey Board of Public Utilities (“Board”) issue an Order approving this Stipulation in its entirety.

Background

Pursuant to the requirements of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (“EDECA”), the Board has adopted Renewable Portfolio Standards (“RPS”) rules, N.J.A.C. 14:8-2.1 et seq., that, among other things, require that a specified portion of the electricity supplied to New Jersey customers by each supplier or provider be supplied from solar electric generation systems. Under the RPS rules, suppliers and providers may comply

with the solar requirements by submitting Solar Renewable Energy Certificates (“SRECs”)¹ or by paying a Solar Alternative Compliance Payment (“SACP”),² or by a combination of the two methods.

At its agenda meeting on September 12, 2007,³ the Board directed its Office of Clean Energy (“OCE”) to initiate a proceeding to explore whether additional mechanisms could be established to support the financing of solar generation projects by providing greater assurances about the cash flow to be expected from such projects. The Board noted that factors in the availability of such financing include not only the assurances of long-term maximum prices for SRECs, as established by the rolling eight year SACP schedule, but also the degree of certainty about the minimum cash flow from such projects. The term “SREC-based financing” has been used generally to describe the provision of additional cash flow certainty to a project in exchange for the SRECs generated by a project, and includes contract solicitation programs and solar loan programs.

Following that proceeding, in an Order dated August 7, 2008 in Docket No. EO06100744 (“August 7 Order”), the Board, among other things, ordered RECO to submit a petition under *N.J.S.A. 48:3-98.1(b)* for its participation in an SREC-based financing plan submitted by either Jersey Central Power & Light Company (“JCP&L”) or Atlantic City Electric Company (“ACE”) pursuant to the criteria of the August 7 Order. In its December 10, 2008 Order on Motion for Reconsideration in Docket No. EO06100744, the Board determined that RECO must pursue an SREC-based financing program.

¹ An SREC represents the solar renewable energy attributes of one megawatt-hour of generation from an eligible solar generation facility certified by the Board’s Office of Clean Energy (“OCE”).

² In practice, the SACP sets the upper limit on the price of an SREC in the market.

³ *I/M/O the Renewable Energy Portfolio Standards – Alternative Compliance Payments and Solar Alternative Compliance Payments*, Docket No. EO06100744, Order (dated December 6, 2007).

On February 2, 2009, RECO filed a Petition for approval of an SREC-Based Financing Program, in BPU Docket No. EO09020097. (The Company's original SREC Program will be referred to herein as the "SREC I Program.") Following Board approval,⁴ RECO implemented the SREC I Program and engaged in periodic solicitations for qualifying projects. The last solicitation for the SREC I Program was conducted in September 2011 and the contract awards thereunder were approved by the Board's Order dated November 9, 2011. The SREC I Program was fully-subscribed and RECO awarded SREC purchase agreements for solar photovoltaic projects that were designed to add approximately 3.769 MW of solar generating capacity in the Company's service territory.

In November 2011, OCE began a series of stakeholder meetings to develop recommendations related to the expiring electric distribution companies' ("EDC") SREC-based financing programs, and address issues arising from the Solar Energy Advancement and Fair Competition Act (P.L. 2009, c. 289) and the 2011 Energy Master Plan. Among the issues discussed during the stakeholder meetings was whether the EDCs' SREC-based financing programs should be extended or expanded. By its Order dated May 23, 2012,⁵ the Board approved an extension of the EDC SREC-based financing programs for a total capacity of 180 MW over three years, to be divided among the participating EDCs based on retail sales. RECO's share of the 180 MW is approximately 4.5 MW. The May 23, 2012 Order also approved various provisions the EDCs were directed to follow in their SREC-based financing programs.

⁴ The Board approved a Stipulation of Settlement providing for RECO's implementation of the SREC I Program by an Order dated July 31, 2009 ("July 31, 2009 Order"), *I/M/O the Verified Petition of Rockland Electric Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A.48:3-98.1*, Docket No. EO09020097.

⁵ *I/M/O the Review of Utility Supported Solar Programs*, Docket No. EO11050311V, Order (dated May 23, 2012) ("May 23, 2012 Order")

After considering the implementation of a solar loan program, RECO decided to implement a contract solicitation program that would extend RECO's SREC I Program, with certain modifications ("SREC II Program"). On December 13, 2012, RECO participated, via teleconference, in the pre-filing meeting required by the May 12, 2008 Order⁶ with Board Staff and Rate Counsel to discuss the nature of RECO's proposed SREC II Program and describe the program cost recovery mechanism contemplated by the Company.

Under RECO's cover letter dated February 1, 2013, RECO submitted to the Board for filing a Verified Petition concerning an extension of RECO's SREC-based financing program, *I/M/O the Verified Petition of Rockland Electric Company for Approval to Implement an Extended SREC-Based Financing Program Pursuant to N.J.S.A. 48:3-98.1 (SREC II Program)* which was assigned Docket No. EO13020118 ("Petition"). On March 6, 2013, Staff sent an administrative completeness letter to RECO.

RECO has responded to numerous data requests in the discovery process and has informally provided additional data and information in connection with this proceeding. By Order dated March 20, 2013, the Board designated Commissioner Mary-Anna Holden as presiding officer with authority to modify the procedural schedule, rule on motions, and otherwise control the conduct of these proceedings. By Order Setting Procedural Schedule dated April 19, 2013, Commissioner Holden adopted a procedural schedule agreed to by RECO, Board Staff, and Rate Counsel with the condition that the Board would approve an extension of the 180-day review period. Thereafter, the Board on May 29, 2013 extended the review period until October 29, 2013. On June 27, 2013, Commissioner Holden further modified the procedural

⁶ *I/M/O the Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1, Docket No. EO08030164, Order Dated May 12, 2008.*

schedule without extending the review period for RECO. In addition, by Order dated October 16, 2013, the Board extended the review period until December 31, 2013. By Order on Motion to Intervene, dated November 27, 2013, Commissioner Holden granted SEIA's motion to intervene in this proceeding.

RECO's Petition attached certain Exhibits and Attachments, including the Testimony of Donald Kennedy and the Testimony of Cheryl Ruggiero. By executing this Stipulation, the Parties hereby consent to the admission of RECO's Petition, Exhibits and Attachments and the witness testimony described in this paragraph into the record of this proceeding, waive the witnesses' live appearance at the evidentiary hearing for cross-examination, and request that Commissioner Holden and the Board admit these materials as part of the record.

Staff, Rate Counsel and SEIA have engaged in an extensive discovery process and RECO responded to numerous data requests and has informally provided additional data and information in connection with this proceeding. RECO, Staff, and Rate Counsel have also engaged in detailed settlement conferences and communications. During the course of the settlement discussions, it was agreed that the efficiency of RECO's SREC II Program would be enhanced if the program undertaken by RECO was similar to and coordinated to the extent feasible with the review of the SREC II-based financing programs filed with the Board by ACE and JCP&L (JCP&L, ACE, and RECO, collectively, are referred to as "EDCs"), as is reflected in this Stipulation. RECO, Staff and Rate Counsel have reached agreement on all relevant issues in this proceeding.

Stipulation

The Parties DO HEREBY STIPULATE AND AGREE as to the following findings, conclusions and determinations for purposes of a full, final and complete resolution of all issues in connection with RECO's proposed SREC II Program:

1. Program Size and Duration. RECO will implement an SREC II Program whereby it will enter into SREC Purchase and Sale Agreements (“SREC-PSAs”), with solar project owners or developers (“Program Participants”) selected through the competitive process described below. RECO will enter into SREC-PSAs with selected Program Participants for up to 4.5 MW of installed solar capacity in RECO’s service territory, allocated among the three program segments described below, and solicited over a three-year period, as identified in the chart included as Attachment A to this Stipulation.

2. Program Segments. RECO will solicit solar capacity from the following program segments:

Segment 1. Net-metered residential and small commercial solar photovoltaic projects less than or equal to 50 kW.

Total Segment size: 1.0 MW [As set forth in the chart included as Attachment A to this Stipulation, this 1.0 MW amount would be allocated 250 kW in Solicitations 1, 2, 4 and 5. Any unsubscribed amounts could be reallocated to solicitations in Year 3.]

Segment 2. Net-metered commercial solar photovoltaic projects equal to 50 kW or greater.

Total Segment size: 2.0 MW [As set forth in the chart included as Attachment A to this Stipulation, this 2.0 MW amount would be allocated 500 kW in Solicitations 1, 2, 4 and 5. Any unsubscribed amounts could be reallocated to solicitations in Year 3.]

Segment 3. Grid-supply solar photovoltaic projects conditionally certified or fully certified by the Board as located on closed landfills, brownfields, or areas of

historic fill.

Total Segment size: 1.5 MW [As set forth in the chart included as Attachment A to this Stipulation, any amounts unsubscribed after Year 2 would be reallocated to Segments 1 and/or 2 depending on what, if any amounts remain unsubscribed in those Segments.]

3. Program Participant Caps. The SREC II Program will have no Program Participant caps.

4. Joint Solicitation. The SREC II Program solicitations will be held jointly and in conjunction with the solicitation schedule for ACE and JCP&L. Although the specific timing of individual solicitations identified in Attachment A to this Stipulation will be mutually agreed to by Staff, Rate Counsel, the EDCs and the Solicitation Manager (“SM”), the Parties agree that the following timetable for solicitation activities should apply to RECO for each round of its solicitation.⁷

When	Action
Day 1	Round X Solicitation ⁸
Day 46	Round X Bids due
Day 55	SM reviews preliminary recommendations with Staff, RECO, Rate Counsel for input

⁷ Starting with “Day 46,” references to “Days” are the approximate number of calendar days from the Round X Solicitation date, subject to adjustment if, for example, a “Day” falls on a weekend or holiday.

⁸ “Round X” means any given solicitation. “Round Y” means any given solicitation following Round X solicitation.

When	Action
Day 65	Deadline for any opportunity for input – SM develops final recommendations to the Board
Day 75	SM submits Round X recommendations to Board <i>[with findings on: (a) competitiveness of process, (b) recommended awards, (c) Round Y MW, and (d) any special treatment of the small project segment relative to the Board's aspirational goal]</i>
Day 80	Board Meeting and Written Order ⁹ <i>(Addressing Round X awards, Round Y MW; RECO and SM prepare notification documents and announcement materials reflecting Board decisions)</i>
Day 85	Round X Final Awards <i>(Announce results, Notify all bidders)</i>
Day 110	Round Y Solicitation
Day 125	Execute Agreements with Round X Winners
Day 155	Round Y Bids Due

5. Metering. In all SREC Program II Segments, all Program Participants that have an SREC-PSA with RECO will have a separate meter, procured and installed and maintained at the customer's expense, to measure solar system output. Program Participants will be required to install the appropriate metering, at their cost, which meets the Company's, the Board's, and PJM's accuracy standards to record the solar generation of their solar project. Program Participants will be required to enter their meter readings in the PJM GATS system on a monthly basis, from which the PJM GATS system will create the appropriate number of SRECs at the end of each monthly period. Program Participants also will be required to execute a PJM GATS "Standing Order" for the term of the SREC-PSA (subject to change only in accordance with the SREC-PSA), which will automatically transfer the created SRECs from Program Participants' GATS accounts to RECO's GATS account, which RECO can confirm and accept or reject as

⁹ Timing of Board action is subject to the schedule of Board agenda meetings and/or the ability to schedule an extraordinary Board meeting.

appropriate. The PJM GATS system has an algorithm in place so that the recorded generation aligns with the monthly estimated projection for the indicated size of the solar installation. RECO will have the opportunity to validate metered generation entries during each annual period. SRECs will be tracked using the PJM GATS platform.

6. Payment Aggregation and Host Waiver Form for Segment 1. Separate bids must be submitted for each proposed solar project. Each solar project will be ranked and selected individually. A developer will submit the form of acknowledgement and certification (including a waiver of rights), as set forth in Attachment B to this Stipulation, from the host customer (if any) on whose property the developer's solar project will be located. Such acknowledgement and certification shall become part of the applicable SREC-PSA for the proposed solar project. An entity with multiple executed SREC-PSAs may elect to have a single check issued to it per quarterly pay period.

7. Project Eligibility for Net-Metered and Grid-Connected Projects. Only new solar projects that are not constructed will be eligible for participation in the SREC II Program, Segments 1 and 2. Any participating solar project must not yet be interconnected (*i.e.*, received permission from the RECO to operate) and the solar project will not have requested final interconnection approval from RECO prior to the Board Order approving the results of each solicitation. If a project is completed and interconnected following Board approval and prior to the execution of an SREC-PSA, RECO will not purchase SRECs generated prior to the commencement date of the SREC-PSA. Aggregated net metered projects, including those permitted under N.J.S.A. 48:3-87(e)(4), will be ineligible to participate in the SREC II Program. A net metered project shall comply with N.J.A.C. 14:8-4.1 (b), which requires, among other things, that a project shall deliver to the meter of one net metering customer through wires and/or

other equipment installed, owned and operated by the customer or the project owner and not by RECO.

To be eligible for participation in Segment 3, a solar project must have been conditionally or fully certified by the Board pursuant to Subsection (t) of the Solar Act of 2012 (L. 2012, c. 24). To receive full approval pursuant to Subsection (t), a solar project is required by the Board to have fulfilled all applicable New Jersey Department of Environmental Protection permit requirements for construction of the solar facility. Thus, these solar projects may be interconnected and may have requested final interconnection approval prior to the Board Order approving the results of each solicitation. If a Segment 3 project is completed and interconnected prior to the Board approval and prior to the execution of an SREC-PSA, RECO will not purchase any SRECs generated prior to the commencement date of the SREC-PSA.

Segment 3 applicants must submit an affidavit with their solicitation bid package attesting that all remediation unrelated to the installation or operation of the solar facility has been completed and that no portion of the SREC price bid is attributable to remediation unrelated to the solar facility. Segment 3 applicants must also provide to the Solicitation Manager, with their bid package, an itemization of costs related to the “additional cost of constructing and operating a solar electric power generation facility on a brownfield, on an area of historic fill, or on a properly closed sanitary landfill.”¹⁰ The applicant must express the costs on an absolute basis, as well as on a dollar per MWh basis, to enable an analysis by the Solicitation Manager of competitiveness and that no remediation costs unrelated to the solar facility have been included.

RECO will not allow a solar project, whether net-metered or grid-connected, to participate in the SREC II Program where the net metering customer has any existing

¹⁰ The costs required to upgrade the distribution system beyond any standard interconnection based on the system's size shall not be included in the itemization of costs or recovered through the SREC II Program.

photovoltaic (“PV”) capacity installed to deliver energy on the customer’s side of a meter that receives electric distribution service from RECO, or the grid-connected site contains an existing solar generator, unless the proposed grid-connected project is completely separated from the existing generation. RECO will also preclude any future construction or expansion of PV capacity under the SREC II Program at sites receiving payments under SREC PSAs from either the SREC I or SREC II Programs. If a parcel contains multiple individually metered retail electric customers, each would be eligible to have a single project serving its individual electric meter as a net metered customer.

The SREC II Program does not permit multiple projects to serve a net metered customer on the customer’s side of the same RECO meter. Similarly, a single project cannot encompass both net-metered and grid-connected interconnections.

8. Limitation on Total SRECs Purchased Over the Term of the SREC-PSA. The total number of SRECs that RECO will be required to purchase over the entire term of a SREC-PSA shall be limited based upon a cap of 1350 kWh of solar generation per kW DC, based upon the smaller of the solar project’s capacity as bid and awarded or constructed. For example, a 10 kW project with a 10 year contract term would have a contract limit of 135 SRECs (*i.e.*, 1350 kWh x 10 kW / 1000 x 10 years). The Parties recognize that in certain years a solar project may over-generate and other years the solar project may under-generate. The contract term of a SREC-PSA would be limited to the earlier of 10 years or the achievement of maximum SREC purchases, whichever occurs first.

A Program Participant is allowed to build within +/- 10% of bid capacity for the solar project. The above described SREC purchase limit under the SREC-PSA will be based on the smaller of the awarded bid capacity or the as-constructed capacity.

9. Time for Project Completion. Segment 1 - six months with one automatic three-month extension, provided the Program Participant has filed necessary permits with the local government and provides the appropriate certification to RECO. The Program Participant will submit a certification that permits have been filed in order to secure the three-month extension.

Segments 2 – 12 months with the possibility for one six-month extension. The Program Participant must file an application for extension with RECO between 90 days to 14 days prior to end of the initial 12-month period. Terms for extension are the same as agreed upon by parties under the amended PSA Extension Stipulation in the SREC I Program: (i) whether the Program Participant can document significant progress toward completion of the solar project, and (ii) whether the delay was unavoidable and unforeseeable at the time of the execution of the SREC-PSA.¹¹

Segment 3 – 24 months, contingent on meeting milestones described below.

- At the time of bid: (1) approved (or conditionally approved) Section t application; and (2) (i) have received a system impact and feasibility study from PJM, or (ii) have received written verification that such system impact and feasibility study is waived by or otherwise deemed unnecessary by PJM, or (iii) have received alternative verification from the utility of its acceptance of the project's proposed interconnection.
- At nine months from contract signature: Interconnection Service Agreement signed with PJM (if applicable) and the EDC and, if needed for the project, an Interconnection Construction Service Agreement signed with PJM (if applicable).

¹¹ *I/M/O Nautilus Solar KMBS, LLC Extension Request for Solar Renewable Energy Certificate Purchase Sale Agreement with Rockland Electric Company, Docket Nos. EO12100914V and EO12100915V, Order dated January 24, 2013.*

- At 15 months from contract signature: (i) received all state and local permits, certificates and authorizations for construction; and (ii) commenced construction of the PV system site (*i.e.*, more than site preparation).
- The EDCs shall rely on a certification by the developer in determining whether milestones are met. Failure to meet the milestone triggers termination of the project.

The Board shall have the sole authority to grant any additional extensions in any of the three segments. A request for a second extension shall be made prior to the expiration of the first extension. The Parties recommend that a second extension shall be for one month for projects of 10 kW and less and for three months for projects over 10 kW. A second extension will only be granted if all criteria for a first extension have been met and, in addition, all modules and other equipment are on site and completion is imminent.

If a solar project with an approved extension is not interconnected prior to the twelve month anniversary of the Effective Date, the period during which the EDC is obliged to purchase SRECs at the SREC-PSA price shall be deemed to have begun upon the anniversary of the Effective Date, regardless of whether the solar project was timely completed.

10. Reporting. Results from a given solicitation shall be published in the Board Order announcing the results of the subsequent solicitation.

RECO shall provide to the Board on a quarterly basis a list of completed projects by SRP number, along with the host facility name and full address and date of authorization to energize.

11. Cost Recovery, Program Participant Fees, and SREC Transaction Fee. RECO will charge the direct costs of purchasing SRECs from Program Participants, pursuant to SREC-PSAs ("Direct Costs") to the RGGI Surcharge. RECO will credit the gross proceeds from the

auction and sale of all such SRECs (“SREC Sale Revenue”) to the RGGI Surcharge. Ratepayers will be responsible for covering all Direct Costs that are not covered by SREC Sale Revenue, including interest that accrues on the under/over recovered balance of Direct Costs in the Rider Surcharge (with the exception of “Delay Interest”, as defined herein below). If SREC Sale Revenue exceeds the Direct Costs, then any such over-recovery will be deferred and applied to recovery of future SREC Direct Costs. Interest shall accrue on the under/over recovered balance of Direct Costs at a rate based on U.S. Treasury securities at two-year constant maturity as published in the Federal Reserve Statistical Release on the first day of each month (or closest day thereafter on which rates are published), plus sixty basis points, but not to exceed Rockland Electric’s overall rate of return, in accordance with the Board’s October 21, 2008 Order in Docket No. ER08060455. The interest rate will be reset each month and its calculation will be based on the net of tax beginning and end average monthly balance. RECO will accrue simple interest with an annual roll-in at the end of each year. If, at the end of the SREC II Program cost amortization (which would not be earlier than the end of the ten-year contract terms of any SREC-PSAs executed during Year 3 of the SREC II Program), there is a net over-recovery of SREC Sale Revenue relative to Direct Costs of purchasing SRECs, then this over-recovery will be, in the first instance, used to offset any under-recovered Administrative Costs. Thereafter, any over-recovery will be returned to ratepayers through the RGGI Surcharge.

RECO’s administrative costs shall include all costs other than Direct Costs, including but not limited to internal labor costs, auction-related costs, interest on the delay in initially selling SRECs (“Delay Interest”), and SREC transaction fees (collectively, “Administrative Costs”). Program Participant Fees, as defined below, will be fixed through December 31, 2018. Administrative Costs and Program Participant Fees would be deferred and

tracked separately from Direct Costs. Any under-recovery/over-recovery of Administrative Costs and Program Participant Fees, including the interest that accrues on any under-recovery/over-recovery of Administrative Costs and Participant Fees, will not be subject to recovery from ratepayers, but will be deferred for accounting purposes until such time there is a true-up of Administrative Costs and Program Participant Fees. For the purpose of clarity and avoidance of doubt, while the Administrative Costs and the offsetting Program Participant Fees will be charged/credited to the RGGI Surcharge for accounting and tracking purposes, as well as for prudence review, neither the Administrative Costs nor the Program Participant fees will be incorporated into the RGGI Surcharge rates.

After five years, there will be a true-up of Administrative Costs (including interest, if applicable) and Program Participant Fees, and Program Participant Fees will be adjusted accordingly on a prospective basis. Beginning January 1, 2019, RECO will implement annual Program Participant Fee adjustments that will reflect any prior-year under-recovery/over-recovery as well as a projection of Administrative Costs over the next annual period. Beginning January 1, 2015, the Administrative Costs will be subject to review for reasonableness and prudence in the context of RECO's annual RGGI Surcharge true-up filings.

RECO will assess Application Fees, Assignment Fees and Solar Developer Fees (collectively, "Program Participant Fees") to Program Participants. The Parties agree that the purpose of the Program Participant Fees is to allow RECO to recover all of its administrative costs for the SREC II Program from Program Participants.

RECO will charge a non-refundable "Application Fee" of \$150 for each application to participate in a SREC II Program solicitation. The revenues RECO collects in Application Fees will be credited to the RGGI Surcharge.

RECO will charge an "Assignment Fee" for each SREC-PSA assignment. The Assignment Fee will be set at \$1,000 per assignment of an SREC-PSA. This amount will be billed directly to the Program Participant under the SREC-PSA that is seeking to assign it. The revenues RECO collects in Assignment Fees will be will be credited to the RGGI Surcharge.

RECO will charge a "Solar Developer Fee" of \$30 for each SREC purchased. The revenues RECO collects in Solar Developer Fees will be will be credited to the RGGI Surcharge. The Parties agree that the Solar Developer Fee has been set based on the expectation that there will be no more than three solicitations per year with solicitation manager costs substantially similar to the SREC I program, an assumed level of solar generation of projects in the SREC II Program of 1200 kWh per kW DC, and an assumed total Program size of 4.5 MW DC. The revenues RECO collects in Solar Developer Fees will be will be credited to the RGGI Surcharge.

The Parties agree that, except as otherwise described herein, common administrative costs between RECO's SREC I Program and SREC II Program shall be allocated based on the total actual (for SREC I) or forecasted (for SREC II) solar capacity installed for each Program. RECO's administrative costs for the SREC auction shall be allocated between the SREC I and SREC II Programs based on the number of SRECs sold at each auction from each Program. SREC I and SREC II costs and revenues will be separately tracked and any costs and revenues that go through the RGGI Clause will be identified as a separate sub-component under the RGGI Rider as SREC I and SREC II.

SREC sales will not begin until Energy Year 2016, or as provided under the May 23, 2012 Order. In the interim, the Company can apply Delay Interest at a monthly rate based on the weighted after-tax cost of capital as determined in the Company's most recent base rate case,

currently set at 8.21% for RECO.¹² After SREC sales begin in Energy Year 2016, the default RGGI clause rate (*i.e.*, two-year Treasury rate at August 1 of each year, currently 0.24% annually) will apply to the cost of SRECs while in inventory.

RECO will sell the SRECs that it purchases under the SREC II Program through the same auction process that the Board has approved for the SREC I Program and the other EDCs' SREC programs.

RECO will recover an SREC Transaction Fee of \$39.11 for each SREC it purchases under the SREC II Program. The SREC Transaction Fee will be collected from Program Participants by subtracting the SREC Transaction Fee from the payments RECO remits to the Program Participant under each SREC-PSA.¹³ The SREC Transaction Fee will remain in effect for the duration of the SREC-PSAs entered into by RECO pursuant to the SREC II Program, and will not be taken into account in the future for purposes of establishing RECO's base rates.

12. Solicitation Process. The solicitation process (including, specifically, issues such as the competitiveness of the solicitation process, assessment/ranking of competing bid prices, and regulatory review/approval process) is described below:

- a. Projects with which RECO will enter into SREC-PSAs will be selected through a solicitation process entailing the issuance of a Request for Proposals ("RFP"). The SM will be responsible for finalizing the terms of the RFP and the solicitation process with input from RECO and the participating EDCs.
- b. The pricing in the proposals submitted in response to the RFP must be the same for the entire term of the SREC-PSA.

¹² *I/M/O the Verified Petition of Rockland Electric Company for Approval of Changes in Electric Rates, its Tariff for Electric Services, its Depreciation Rates, and for Other Relief*, Docket No. ER09080668, Decision and Order Approving Stipulation and Adopting Initial Decision (dated May 12, 2010).

¹³ For example, if the full purchase price obtained through the auction process for the sale of an SREC (provided by the Program Participant) is \$100, RECO will pay the Program Participant \$60.89 and retain \$39.11. RECO will assign the full purchase price of \$100 to the program RGGI accounting.

- c. Proposed solicitation RFP will (i) articulate that projects will be ranked by price (i.e., the price per SREC over the ten-year term of the SREC-PSA using a discount rate of 8.26% for RECO, (ii) state that prices will be reviewed for competitiveness, (iii) reference an unspecified price limit, and (iv) clearly articulate that the full MW solicited may or may not be awarded based on an assessment of the competitiveness of pricing resulting from the solicitation.
- d. Published award results will include (by sector): ___ bids received totaling ___ MW; ___ awards totaling ___ MW; ___ bids totaling ___ MW were rejected for reasons such as developer caps, price, etc.
 - i. Individually accepted prices will not be posted. The low and average price for all accepted projects will be posted on the Board's web-site.
 - ii. Submitters of rejected bids will be advised by the SM as to the basis for rejection, and eligibility for subsequent rounds (i.e., relative to developer cap compliance).
- e. The names of bidders in the RFP will not be disclosed to the SM. Instead, the SM will see only numbers or other identifiers assigned to bidders under a system developed and administered by Staff.
- f. The SM will review preliminary results and recommendations with RECO, Staff and Rate Counsel for input, but final recommendations for Staff presentation to the Board shall be based on SM's own independent assessment (i.e., allow SM 10 days free of input).
- g. All solicitation awards and the execution of SREC-PSAs with winning bidders will be explicitly approved by the Board within approximately five days after submission of SM recommendations. The SM will be available during the Board's deliberations to respond to its inquiries about its recommendations.
- h. Within 14 days of Board approval of a bid selection, the winning bidder must provide a cash deposit equal to \$75 per project kW, but not less than \$500 and not more than \$20,000. The deposit will be returned to the bidder, without interest, at the Commencement Date (as defined in the SREC-PSA) or will be forfeited in accordance with General Term and Condition A.11 of the SREC-PSA.

13. SREC-PSA. Each SREC-PSA will be executed no sooner than 45 days after the issuance of the written Board Order approving the relevant solicitation award and execution of the related SREC-PSA. The form of SREC-PSA to be used in each segment of the SREC II

Program is set forth in Attachment C to this Stipulation. The SREC-PSA will have a term of ten years.

14. Ranking Methodology. The ranking methodology to assess competing bids in the solicitation process will be as follows:

- a. Bid outlier rejection process: RECO, Staff and Rate Counsel will send to the SM, for its consideration, their recommendations for a pricing “soft cap” (i.e., guidance as to the price above which bids should not be accepted) that will consider, among other things, the lowest SREC price bid, the SACP and the distribution of SREC prices for all projects submitted. Such recommendations will be provided within 15 days of SM selection/award. Only the SM, the EDCs, Staff and Rate Counsel, shall participate in this process.
- b. The SM’s review process will not include review of the financial basis for proposed pricing (e.g., credit worthiness, financial underpinnings for proposal, terms of agreement with host customer (if any)).
- c. Project pricing will be ranked according to the price per SREC over the ten-year term of the SREC PSA.
- d. Ranking will be conducted by the SM, in sequence:
 - i. Review proposals for eligibility and completeness – reject ineligible/incomplete proposals and those without application fee payment.
 - ii. Rank proposals by price per SREC.
 - iii. The Parties agree that, except as provided in Section 16(a) below, there should be no developer cap for the Program and recommend that the Board grant a waiver of the developer cap for the Program.
 - iv. Assess segment participation in the solicitation and ranking process.
 - v. Develop preliminary findings (segment participation, developer cap, competitiveness of pricing, recommendations for next round of solicitation, etc.).
 1. The last accepted proposal in the solicited block may not yield an aggregate MW of project agreements that exceeds the size of the block by more than 150 kW.

- vi. Present preliminary findings and recommendations to the EDCs, Staff and Rate Counsel for input.
- vii. Following input, prepare recommendations to the Board, which will be presented to the Board by Staff.

15. Coordination. RECO will coordinate its sale of purchased SRECs to the extent feasible with the other EDCs and the Public Service Electric and Gas Company (“PSE&G”) auction of SRECs that PSE&G acquires under its solar loan program.

16. Miscellaneous Elements. Other miscellaneous elements of the SREC II Program are as follows:

- a. RECO will not bid SREC projects into this process.
 - i. Subject to the foregoing, affiliates of RECO that are not regulated by the Board, including Orange and Rockland Utilities, Inc., Consolidated Edison Company of New York, Consolidated Edison, Inc. and their subsidiaries and affiliates, may bid SREC projects into this process up to a cap of 50% of the MW goal to be solicited for each year of the three years in the Program as set forth in paragraph 3 (i.e., 2009/10, 2010/11, and 2011/12) that takes into account awards in prior rounds of solicitations in the annual cycle (i.e., no one entity or combination of affiliated entities can obtain more than 50% of the MW goal for any one year of the Program.)
 - 1. in applying the RECO affiliate cap, the last accepted RECO affiliate proposal may not yield aggregate MWs that exceed the cap by more than 50kW.
- b. Required Bid Documents:
 - i. Project Proposal Summary Sheet (including definition of, among other things, project, project location, RECO customer information - including copy of electric bill, proposed price and SREC-PSA term, developer and developer affiliations, “segment”, and class of service).
 - ii. Agreement to sign standard SREC-PSA within designated timeframe.
 - iii. Signed Customer Acknowledgment (i.e., describing relationship with project developer, title to SRECs, describing any relationship between the project and the EDC).

- iv. Agreement to provide PJM with a signed Schedule A – Generator Owner’s Consent and/or to create a standing order for the transfer of SRECs to RECO if RECO determines either or both to be necessary.
- v. Completed registration materials with the SREC Registration Program or its successor program (and, in either case, all attachments thereto).
- vi. Pursuant to Section 7 above, Segment 3 applicants must submit a Board certification pursuant to Subsection (t) of the Solar Act of 2012, an affidavit regarding remediation activities, and an itemization of costs.

17. Voluntariness. The Parties agree that this Stipulation is voluntary, consistent with law, and fully dispositive of the issues addressed herein.

18. Expeditious Board Approval. Each Party agrees to use its best efforts to ensure that this Stipulation is submitted in a timely fashion to the Board for its approval without modification or condition. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

19. Rights Upon Disapproval or Modification. This Stipulation contains mutually balancing and interdependent provisions, and is intended to be accepted and approved in its entirety to fully and finally resolve all issues relating to the SREC II Program. This Stipulation is an integral settlement and the various parts hereof are not severable without upsetting the balance of agreements and compromises achieved among the Parties. In the event the Board disapproves this Stipulation as a whole, it shall be null and void. In the event that any particular aspect of this Stipulation is not accepted and approved by the Board in its entirety, without modification, or is modified by a court of competent jurisdiction: (i) the Parties are not waiving any legal or procedural rights, arguments or claims they may have before the Board or in any forum, and (ii) this Stipulation shall, at the option and discretion of any Party aggrieved thereby, exercised by written notice to the other Parties within ten days after receipt of any such adverse

decision, be null and void in which case the Parties shall be placed in the same position that they were in immediately prior to its execution.

20. Party Reservations. This Stipulation represents a negotiated compromise resolution that has been made exclusively for the purpose of the above-referenced proceedings. Although binding on the Parties with respect to the issues resolved herein in these proceedings, this Stipulation, in total or by specific item, is in no way binding upon the Parties (or non-signatories) and is not to be considered or cited as precedent in favor of or against their respective positions on any issue in any other proceeding, except to enforce the terms of this Stipulation. The Parties agree that the unique resolution of the issues relating to the SREC II Program shall apply only to these above captioned cases and that any similar future cases shall be reviewed by the Board on an individual basis. This Stipulation is without prejudice to the positions of the respective Parties or of the Board with respect to any future rate cases or other proceedings involving the Company, except as specifically set forth herein.

21. Captions. The subject headings of the sections of this Stipulation are inserted solely for the purpose of convenient reference and are not intended to, nor shall they, affect the meaning of any provision of this Stipulation.

22. Governing Law. This Stipulation shall be governed and construed in accordance with the laws of the State of New Jersey.

23. Counterparts. This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.

WHEREFORE, the Parties have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board issue a final Decision and Order adopting and approving this Stipulation in its entirety.

Rockland Electric Company

By John L. Carley
John L. Carley
Assistant General Counsel

Dated December 12, 2013

John J. Hoffman
Acting Attorney General of New Jersey
Attorney for Staff of the Board of Public
Utilities

By T. David Wand
T. David Wand
Deputy Attorney General

Dated 12/12/13

State of New Jersey
Division of Rate Counsel
Stefanie A. Brand
Director, Division of Rate Counsel

By Kurt A. Brand
Asst Deputy Rate Counsel

Dated 12/13/13

Solar Energy Industries Association

By _____

Dated _____

WHEREFORE, the Parties have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board issue a final Decision and Order adopting and approving this Stipulation in its entirety.

Rockland Electric Company

By _____

Dated _____

John J. Hoffman
Acting Attorney General of New Jersey
Attorney for Staff of the Board of Public
Utilities

By _____
T. David Wand
Deputy Attorney General

Dated _____

State of New Jersey
Division of Rate Counsel
Stefanie A. Brand
Director, Division of Rate Counsel

By _____

Dated _____

Solar Energy Industries Association

By  _____

Dated 12/13/13

ATTACHMENT A

PLANNED SOLICITATIONS [2014-2016]*

System Size	Allocation	Year 1			Year 2			Year 3		
		Solicitation	Solicitation	Solicitation	Solicitation	Solicitation	Solicitation	Solicitation	Solicitation	Solicitation
		1	2	3	4	5	6	7	8	9
Segment 1a Residential - aspirational	4.44%	50 kW	50 kW	NA	50 kW	50 kW	NA	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>
Segment 1b <50 kW	17.78%	200 kW	200 kW	NA	200 kW	200 kW	NA	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>
Segment 2 >50 kW, net metered	44.45%	500 kW	500 kW	NA	500 kW	500 kW	NA	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>
Segment 3 Brownfield	33.33%	1.5 MW	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>	<i>If needed</i>

* Values reflect the MW planned for solicitations. Schedule subject to revision by the Board based on experience, and time required for prudent processes.

HOST'S ACKNOWLEDGEMENT AND CERTIFICATION

The undersigned is the owner of the home/business located at _____ (“Premises”) where _____ (“Seller”), intends to develop a solar project located at the Premises (“Project”), which the Seller may enter into a Solar Renewable Energy Certificate Purchase and Sale Agreement (“SREC-PSA”) with Rockland Electric Company (“RECO”). The undersigned hereby acknowledges and certifies for the benefit of RECO as follows:

1. The undersigned has no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs (as defined in the SREC-PSA), which are to be sold to RECO under the SREC-PSA.

2. The undersigned has no right, title or interest in the SREC-PSA, including, but not limited to any third party beneficiary rights.

3. The undersigned has no rights and/or waives any rights against RECO, and shall not look to RECO, with respect to any claim or damages with respect to any aspect of Project, including, but not limited to, the construction, operation or maintenance thereof at the Project.

4. The undersigned consents to the construction, installation, operation and maintenance of the Project in accordance with the terms of the SREC-PSA.

Signature

Name of the owner of the home where the Project is located (or “Host”)

Date of Signature: _____