



STATE OF NEW JERSEY
Board of Public Utilities
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www.nj.gov/bpu/

DIVISION OF ENERGY AND
OFFICE OF CLEAN 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) DOCKET NO. EO13020118

Parties of Record:

John L. Carley, Esq., Attorney for Petitioner, Rockland Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

The New Jersey Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. and several statutory amendments thereto, required the New Jersey Board of Public Utilities ("Board") to adopt Renewable Energy Portfolio Standards ("RPS"), and authorized the Board to amend those standards by regulation. Retail electricity suppliers and basic generation service providers must include a minimum percentage of qualified renewable energy in the electricity they sell during each one-year period ending May 31 ("Reporting Year").

Suppliers and providers may comply with solar RPS requirements by submitting Solar Renewable Energy Certificates ("SRECs"), or by paying a Solar Alternative Compliance Payment, or a combination of the two methods.

In May 2006, Board Staff ("Staff") began a stakeholder process to consider various models to enhance the ability of energy suppliers and providers to meet the targets for solar electric generation established in the RPS rules and to support the continued growth of New Jersey's solar market. The stakeholder process made clear that, for the time being, the growth of the solar sector will continue to depend upon the availability of incentives above and beyond pure

market forces. Equally clear is the rebate-type incentives were not sustainable in the long term. Accordingly, the Board's Order dated December 6, 2007, *I/M/O the Renewable Energy Portfolio Standards, Alternative Compliance Payments and Solar Alternative Compliance Payments* Docket No. EO06100744 ("December 6 Order"), set a course towards reducing New Jersey's reliance on rebates and transitioning to a more market-based means of providing solar incentives. The Board's primary considerations in that transition included: the cost that ratepayers bear; fairness and equity to all ratepayer classes; job growth; improved reliability and security of New Jersey's electricity infrastructure; the ability to achieve sustained orderly development of the solar portion of that infrastructure; reducing transaction costs; and supporting other policy goals, especially with respect to environmental protection and public health.

Recognizing that SREC based financing depends not only upon certainty about long-term maximum prices for SRECs but also on greater certainty about the minimum cash flow that a project can generate from the creation and sale of SRECs, the December 6 Order stated that "there is a widespread consensus that an additional mechanism or mechanisms will be necessary for the market to achieve levels of growth sufficient to meet RPS requirements at an acceptable cost." The Board directed the Office of Clean Energy to initiate a proceeding to explore whether additional securitization was needed, and if so, to provide specific recommendations regarding the methods and costs of providing such securitization.

On August 7, 2008, the Board issued an Order In re 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"). Among other things, the August 7 Order directed Rockland Electric Company ("RECO") to file with the Board a solar financing plan which had to comply with certain project-design and filing requirements.

On February 2, 2009, RECO filed its solar financing program, Docket No. EO09020097 ("SREC I Program"). On July 31, 2009, the Board issued an Order approving RECO's SREC I Program with modifications.¹

Since 2008 the Board has issued numerous Orders related to EDC SREC financing. These Orders have resulted in the implementation of an SREC solicitation process managed by three of the EDCs, RECO, Atlantic City Electric Company and Jersey Central Power & Light Company, and in a solar loan program managed by Public Service Electric and Gas Company.

By Order dated April 27, 2011, in Docket EO09020125, In re Petition of Public Service Electric and Gas Company for Approval of a Solar Generation Investment Program and Associated Cost Recovery Mechanism - Order Approving Capacity Transfer, the Board directed Staff to evaluate existing utility solar programs and to conduct a thorough review of the utility supported solar programs to help the Board determine whether these programs should continue, be allowed to expire, be modified or expanded. As part of a stakeholder process, Staff developed recommendations for consideration by the Board.

¹In 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.

By Order dated May 23, 2012, the Board approved an extension of the EDC SREC Financing Programs over a three year period, subject to the development of programs that appropriately implement the goals stated in the Order with subsequent Board review and approval ("May 2012 Order"). In addition, the May 2012 Order directed the EDCs, including RECO to file, within five business days of service of the Order, a notice of their intention to participate or not participate. Subsequently, by letter dated June 1, 2012, the Company notified the Board of its interest in participating in the extension of EDC SREC Financing Programs.

February 2013 Filing

Consistent with the alternatives authorized in the May 2012 Order and to move forward in a timely manner, RECO filed the Verified Petition seeking Board Approval of its SREC II Program by letter dated February 1, 2013. The Company's SREC II Program is a contract solicitation program that extends its current SREC I Program, with certain modifications. In addition, the Company proposes to assess fees to customers and solar project developers participating in the SREC II Program in order to recover the Program's administrative costs, and to recover any remaining net costs of the SREC II Program through RECO's Regional Greenhouse Gas Initiative Surcharge and to continue to receive an SREC Transaction Fee.

According to the petition, RECO estimates that over a three-year period, it will enter into SREC II-Purchase and Sale Agreements ("SREC II-PSAs") with developers of approximately 4.5 MW of installed solar capacity in its service territory. In accordance with the May 2012 Order, RECO is proposing four program segments: (1) net-metered residential ("Segment 1"); (2) net-metered small commercial solar photovoltaic projects less than or equal to 50kW ("Segment 2"); (3) net-metered solar photovoltaic projects between 50kW and 2.0 MW ("Segment 3"); and (4) grid-connected solar photovoltaic projects on closed landfills and brownfields ("Segment 4"). Of the 4.5 MW of total capacity to be solicited by RECO, .25 MW will be allocated to Segment 1; .75 MW to Segment 2; 2.0 MW to Segment 3 and 1.5 MW to Segment 4.

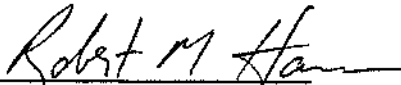
DISCUSSION

The Board has determined that the petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Mary-Anna Holden as the presiding officer who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

In the interests of economy, all parties are HEREBY DIRECTED to serve all documents electronically, unless otherwise requested by the parties, while still providing hard copies to the Board for those documents which must be filed with the Board. Finally, the Board HEREBY DIRECTS Staff to post this Order on the Board's website.

DATED: 3/20/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
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 SOLAR RENEWABLE ENERGY CERTIFICATE
 BASED FINANCING PROGRAM PURSUANT TO N.J.S.A. 48:3-98.1
 DOCKET NO. EO12080726 – SERVICE LIST

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