

NJRPS EY14 Solar Compliance Instructions & *Preliminary Retail Sales Figures Update*

From: NJBPU OCE Staff via NJCleanenergy.com & PJM-EIS GATS

To: Retail Electric Third Party Suppliers, Electric Distribution Companies and BGS Providers

Date: September 26, 2014

On September 4th, Board staff gave electric suppliers and providers the opportunity to reconcile their Energy Year 2014 (EY 14) retail sales figures as expressed in their GATS My RPS Compliance Reports (see below). A two week period was given to submit revisions of retail sales data and supporting documentation with a due date of COB (close of business) Friday September 19th. The Office of Clean Energy (OCE) has confirmed the receipt of retail sales reconciliation from eighteen suppliers/providers. Staff is analyzing and verifying this data and will not be able to issue the final retail sales number for solar RPS compliance today as announced in the September 4 communication (copied below).

Staff plans to issue the final state wide retail sales data required by BGS providers for solar compliance calculations via the NJCleanEnergy.com website and thru PJM-EIS GATS by **Monday October 6th**. The final EY 2014 RPS Reporting Spreadsheet will also be issued on that day.

Any questions or comments, feel free to use the OCE@bpu.state.nj.us email or contact Ronald Jackson at 1-609-633-9868 or ronald.jackson@bpu.state.nj.us.

NJRPS EY14 Solar Compliance Instructions & *Preliminary Retail Sales Figures*

From: NJBPU OCE Staff via NJCleanenergy.com & PJM-EIS GATS

To: Retail Electric Third Party Suppliers, Electric Distribution Companies and BGS Providers

Date: September 4, 2014

The Office of Clean Energy (OCE) in the New Jersey Board of Public Utilities (Board staff) have facilitated compliance by Third Party Suppliers (TPS) and Basic Generation Service (BGS) Providers with their annual Renewable Portfolio Standard (RPS) requirements since 2002. The Solar Energy Advancement and Fair Competition Act in 2010 changed the RPS solar requirements starting in Energy Year 2011 from a percentage-based obligation to a market share of aggregate gigawatt hours. The change to a market share-based RPS obligation required Board staff to develop an iterative process to communicate solar compliance instructions with regulated entities and to calculate final market-wide retail electricity sales for an Energy Year.

The Solar Act of 2012 amended the RPS by changing the compliance obligation back from a market share basis to a percentage of retail sales with exemptions for certain BGS provided electricity. The Board approved a methodology to implement the Solar Act, exempt BGS electricity provided pursuant to contracts entered prior to enactment of the law on July 23, 2012 and allocate the increased obligation to non-exempt BGS electricity provided (IMO Implementation of the Solar Act L. 2012, C. 24, N.J.S.A. 48:3-87 (D)(3)(C), May 21, 2014). The following document provides compliance instructions for the solar portion of the RPS and preliminary retail electric sales figures for BGS providers and TPS suppliers.

From data submitted to the Office of Clean Energy (OCE) in the New Jersey Board of Public Utilities (Board staff) by the state's four Electric Distribution Companies, the total preliminary NJ retail sales for Energy Year 2014 was 76,764,388 MWhs. The EDCs report nineteen unique BGS providers served retail electric end users with 37,614,913 MWhs under contracts entered from the 2011 to 2013 BGS auctions. The EDCs also reported un-reconciled retail sales data for Third Party Suppliers in their respective territories. EDCs reported 39,149,474 MWhs from Third Party Suppliers. If no requests are received by Staff to reconcile retail electricity sold in EY14, suppliers

and providers will be required to retire SRECs or make SACP payments in the aggregated, equivalent amount of **1,573,670 MWhs** (2.050% of total retail electricity sales).

BGS providers having supply contracts which were effective prior to July 23, 2012 have a solar obligation equal to the number of SRECs mandated by the solar renewable portfolio standards requirements that were in effect on the date that these providers executed their existing supply contracts. The EDCs reported reconciled retail sales data for the BGS providers with exempt retail sales, i.e. entered under contracts from the 2011 and 2012 BGS auctions of 23,460,455 MWhs from exempt BGS providers. The EDCs also reported non-exempt retail sales of 14,154,458 MWhs under contract from the 2013 BGS auction.

For **exempt** electricity supplied, a **BGS provider** shall calculate its solar obligation as follows:

The solar electric generation requirement converted from GWhs to MWhs, in effect when the 2011 and 2012 BGS contracts were executed is 772,000 MWhs. The preliminary number of MWhs of electricity supplied Statewide during the energy year by all supplier/providers was 76,764,388 MWhs. BGS providers will divide the MWhs of exempt electricity supplied during the energy year from contracts which were in effect prior to the July 23, 2012 by the final, reconciled market-wide retail sales figure, to be circulated by Staff as described below, and then multiply the result by 772,000 MWhs to get their exempt solar obligation.

For **non-exempt** electricity supplied by a **BGS provider**, such provider shall calculate its solar obligation in the following two step process:

1. Multiply the individual provider's total non-exempt retail electricity sales during the energy year in MWhs by the 2.05% EY 14 solar requirement to arrive at **(a), and**
2. To determine the market share-based allocation of the increased obligation avoided by exempted electricity, consult the Board Staff's final solar compliance instructions and retail sales figures to determine the additional obligation amount which must be distributed from the exempted providers to the non-exempt providers (to be calculated by staff as follows; using preliminary data as an example, **for illustration purposes only**):

Total retail electricity sales of exempt providers Statewide = **23,460,455 MWhs**

Total retail electricity sales of non-exempt providers Statewide = **14,154,458 MWhs**

Total retail electricity sales of all providers and suppliers Statewide = **76,764,388 MWhs**

The market share of exempt providers Statewide is **30.56%**

The total solar obligation of exempt providers Statewide during the energy year is **235,936 MWhs (30.56% times 772,000MWhs)**.

Multiply the applicable 2.05% solar requirement for EY 14 by 23,460,455 MWhs and subtract 235,936 MWhs to get the increased provider solar obligation of **245,003 MWhs**. To calculate the percentage share of total non-exempt electricity sold; divide your non-exempt electricity sold by the individual provider by 14,154,458 MWhs and then multiply by 245,003 MWhs to arrive at **(b)**.

Finally, add **(a)** and **(b)** to arrive at an individual non-exempt provider's obligation.

Third Party Suppliers with retail sales in EY14 shall calculate their solar obligation by multiplying total retail sales by the applicable percentage requirement in N.J.S.A. 48:87(d)(3) , i.e., **2.05%**. Third Party Suppliers have by COB Friday September 19th to review their "My RPS Compliance report" on the PJM-EIS GATS system for accuracy with their EY14 retail sales amount and reconcile the number with Staff, if required. If the amount in the "My RPS Compliance report" is inaccurate you **must** report your final retail sales amount to OCE along with a **written explanation** for the difference. You must also enter your final retail sales number on the GATS My RPS Compliance report in the column entitled "RPS Load". Please submit reconciliation requests with explanation to OCE@bpu.state.nj.us.

By COB Friday September 26th, Board Staff will issue a notice of the **final** retail sales amounts via the NJCleanEnergy.com website and PJM-EIS GATS system. These final retail sale figures and compliance instructions are to be used to calculate final solar obligations for individual TPS and BGS compliance reports. Any questions or comments feel free to use the OCE@bpu.state.nj.us email or contact Ronald Jackson at 1-609-633-9868 or ronald.jackson@bpu.state.nj.us.