

# PSE&G Solar Loan III Program

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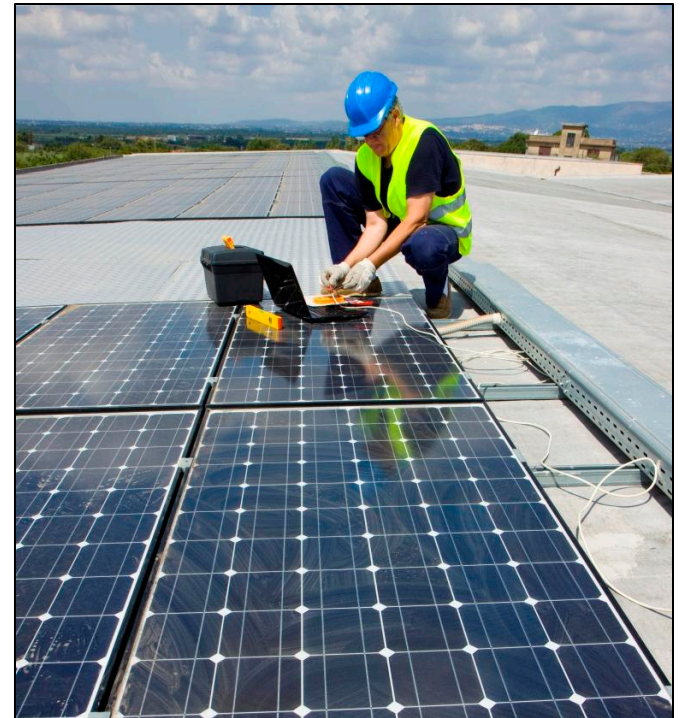


**Non-Residential & Landfill Segments**



# PSE&G Solar Loan III Program

- PSE&G provides term loans to qualifying commercial and residential customers that can be repaid with cash or SRECs at a *guaranteed* floor price
- The loan amount is a function of the SREC floor price, interest rate and expected generation of the solar system
- As of June 2013, PSE&G Solar Loan Program I & II have supported the installation of 74 MW of solar capacity in New Jersey
- The Solar Loan III Program (“SLIII”), will support the installation of 97.5 MW of solar capacity allocated over 2-3 years



# PSE&G Solar Loan III Program Update

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- Dedicated SLIII website to serve as the home for all program related updates
- PSE&G to provide bidders access to a web portal for application submittals
- PSE&G will be supported by an independent Solicitation Manager who will provide guidance regarding the competitiveness of all bids received



# PSE&G Solar Loan III Program – Eligibility Criteria

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- Projects must be located in PSE&G's electric service territory and eligible for net-metering
- Photovoltaic solar projects only
- Projects must be eligible to generate SRECs and are required to provide a compliant NJ certification letter in advance of loan closing
- Commercial applicants must be registered to do business in NJ
- All participants must make provisions to maintain the system for the duration of the loan term
- Applicants must certify that they have site control, either as the owner of the property or with written permission from the owner
- Any participant whose application is not complete or has not provided the required fees will not be considered

# PSE&G Solar Loan III Program – Key Changes

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- Competitive solicitation  
(4-6 per year)
- 10-year loan terms only
- New program segments for landfills/brownfields & 3<sup>rd</sup>-party residential aggregators (“res-aggregators”)
- No call option for any segment
- Interest rate = 11.179%
- Borrowers to fund program administrative costs



# PSE&G Solar Loan III Program – Available Capacity

- Program capacity will be allocated per the below schedule subject to market demand
- The residential and small non-residential segments are set-asides. Any unused capacity from the res-aggregated segment from the first solicitation will be added to the second solicitation. All other underutilized capacity may be reallocated to other oversubscribed segments for that same solicitation.

			Solicitation				
Segment	% of Total	MW	#1	#2	#3	#4 - #12	#13 - #18
<b>Residential</b>	10.00%	9.75	0.30	0.50	0.85	0.90	TBD
<b>Residential -Aggregated</b>	10.00%	9.75	0.30	0.50	0.85	0.90	TBD
<b>Small Non-Residential</b> ( $\leq 150\text{kW}$ )	13.48%	13.14	2.63	1.31	1.31	0.88	TBD
<b>Large Non-Residential</b> ( $> 150\text{kW} \leq 2\text{MW}$ )	61.39%	59.86	11.97	5.99	5.99	3.99	TBD
<b>Landfill-Brownfield</b>	5.13%	5.00	5.00	0.00	0.00	0.00	TBD
<b>Total</b>		97.50	20.20	8.30	9.00	6.67	TBD

# PSE&G Solar Loan III Program – Solicitation Process

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- Participants will submit a bid for a guaranteed SREC floor price along with their completed application
- The floor price has a **direct** impact on the loan amount
- Proposed SREC floor prices must be in multiples of \$5.00
- Within each segment, qualified projects will be ranked from the lowest to the highest SREC floor price
- Applicants that bid the same SREC floor price within a segment will be further ranked according to a time stamp
- Each capacity block will be filled by the ranked list of qualified projects until the capacity is fully allocated
- As applicable, applicants will be notified after the close of the solicitation that their projects have been conditionally accepted subject to further review including credit and interconnection
- Applicants not accepted due to capacity limitations will be placed on a pending list until the next solicitation in the event any conditionally accepted projects are rejected or withdraw from the program

# PSE&G Solar Loan III Program – Sample Solicitation Schedule

- The actual solicitation schedule will be published on the PSE&G website in advance of each solicitation, but the below sample schedule is available for reference purposes

EVENT	DATE
Solicitation "X" Opens	Day 1
Deadline for Participants to Submit Offers	Day 5
PSE&G Preliminary Offer Review	Day 6-15
PSE&G Ranks Qualified Offers first by Bid Price & then by Date/Time Received	Day 16
PSE&G Notifies Applicants of Status ( <i>via email</i> )	Day 20
PSE&G Commences Secondary Project Credit & Interconnection Review and Landfill Technical Review ( <i>as appropriate</i> )	Day 21
Solicitation "X" Closes - Pending Applicants are Notified ( <i>via email</i> )	Day 40
PSE&G Posts Solicitation Results on Website	Day 41
Solicitation "X+1" Opens	Abt. Day 45

Note: All dates are **business days** (e.g. Day 5 is the fifth business day after the solicitation began.)



# PSE&G Solar Loan III Program – Applicant Credit Review

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- Once a project has been conditionally accepted into the program, PSE&G will evaluate the applicant from a credit perspective
- PSE&G will review financial documentation submitted during the solicitation process, including the most recent 3 years of financial statements
- The project host must be in good standing with respect to payment of PSE&G energy bills
- PSE&G may request additional financial information on an as needed basis and applicants are required to respond within the time frame requested in order to maintain their conditional capacity award
- If credit enhancements are determined to be necessary, the applicant may be required to provide a guaranty from a third party or other security which is acceptable to PSE&G
- PSE&G will maintain a first priority lien position on the solar equipment

# PSE&G Solar Loan III Program – Applicant Milestones

- All non-residential projects must meet certain development milestones
- All of the due dates within the below table are relative to the date on the commitment letter signed by PSE&G. As an example, the permit submittal grace period ends 75 calendar days after PSE&G issues the loan commitment letter, after which the project will incur a missed milestone fee deducted from the loan proceeds at closing.
- Projects that do not meet their development milestones before reaching the remedy period will be removed from the program.

<b>Milestone</b>	<b>Due Date (Days)</b>	<b>Grace Period (Days)</b>	<b>Missed Milestone Fee (\$/kW)</b>	<b>Remedy Period (Days)</b>
<b>Commitment Letter Signed by Borrower</b>	5	10	25	15
<b>File Permits</b>	60	75	25	90
<b>Commence Construction</b>	90	105	25	120

# PSE&G Solar Loan III Program – Program Fee Structure

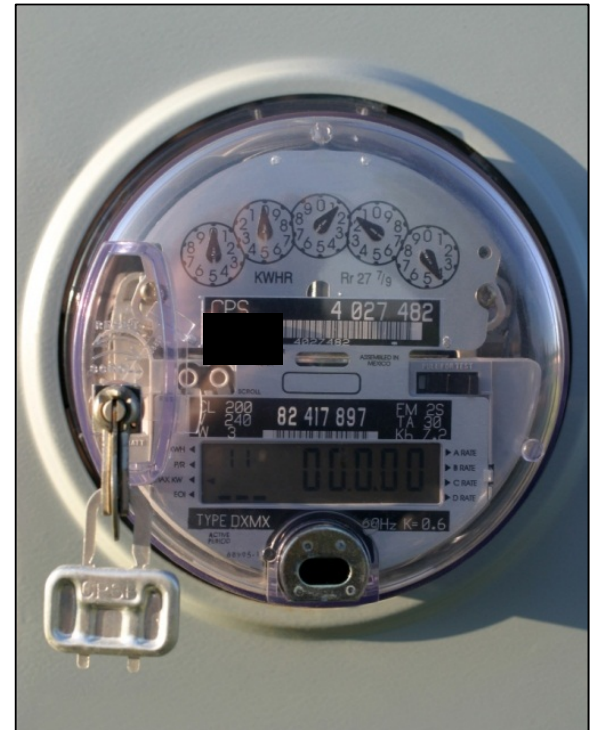
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- **Application Fee** -- \$20/kW (*maximum of \$7,500*); Non-refundable upon receipt of conditional bid award
- **Administration Fee** -- \$85/kW deducted from the loan proceeds at closing
- **SREC Processing Fee** -- \$10.18/SREC\* to offset the long-term cost of processing and managing SRECs generated by the solar generation facility; the fee will be billed at the time of the borrower's annual true-up and multiplied by the number of SRECs generated by the project over the previous year
- ***Participants should select a bid price that takes into account the new program fee structure***
- All fees have been incorporated into the loan calculators available on the PSE&G SLIII dedicated website

\* *Adjusted annually based on PSE&G program cost forecasts*

# PSE&G Solar Loan III Program – Meter Reading

- Projects will have a PSE&G revenue grade meter installed at the customer's expense to measure solar system output.
- If the PSE&G meter is not functioning properly and actual generation data cannot be obtained from this meter, PSE&G will accept data from a customer backup meter if it is accompanied by a specification sheet confirming the meter satisfies then current accuracy standards as set forth by the NJ Board of Public Utilities
- In the event that the PSE&G meter is not functioning properly and the borrower cannot provide data from a backup meter as described above, PSE&G will not enter any generation into PJM-GATS for the period when the actual generation data cannot be obtained.



# PSE&G Solar Loan III Program – Landfill-Brownfield Segment

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- 5MW landfill segment projects can be *either net-metered or grid-connected (PJM)*
- PSE&G reserves the right to require applicants to demonstrate proof of project viability. Participants will be required to provide responses to a supplemental questionnaire at the time of application submission.  
[http://www.pseg.com/home/save/solar/pdf/PSEandG-SLIII\\_Landfill%20Segment\\_Application%20Questionnaire.pdf](http://www.pseg.com/home/save/solar/pdf/PSEandG-SLIII_Landfill%20Segment_Application%20Questionnaire.pdf)
- Projects are required to be certified pursuant to subsection (t) of the Solar Loan Act of 2012 and must submit their application to the BPU, with a copy to PSE&G, no later than 10 calendar days after being conditionally accepted into SLIII
- Applicants will certify that loan proceeds will not be used for remediation costs
- PSE&G will not advance funds to applicants that have not received their full certification pursuant to subsection (t)  
<http://www.njcleanenergy.com/files/file/SubsectionT%20-4%2010%2013.pdf>

# PSE&G Solar Loan III Program – Additional Information

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- PSE&G has made additional information available on the SLIII website to assist potential program participants including loan calculators and responses to frequently asked questions.  
<http://www.pseg.com/solarloan>
- Detailed program rules can be found at:  
<http://www.njcleanenergy.com/files/file/Utilities/5-29-13-2W.pdf>

