



Solar Transition Team

Transitional Solar Bill Update and Review

September 27,
2017

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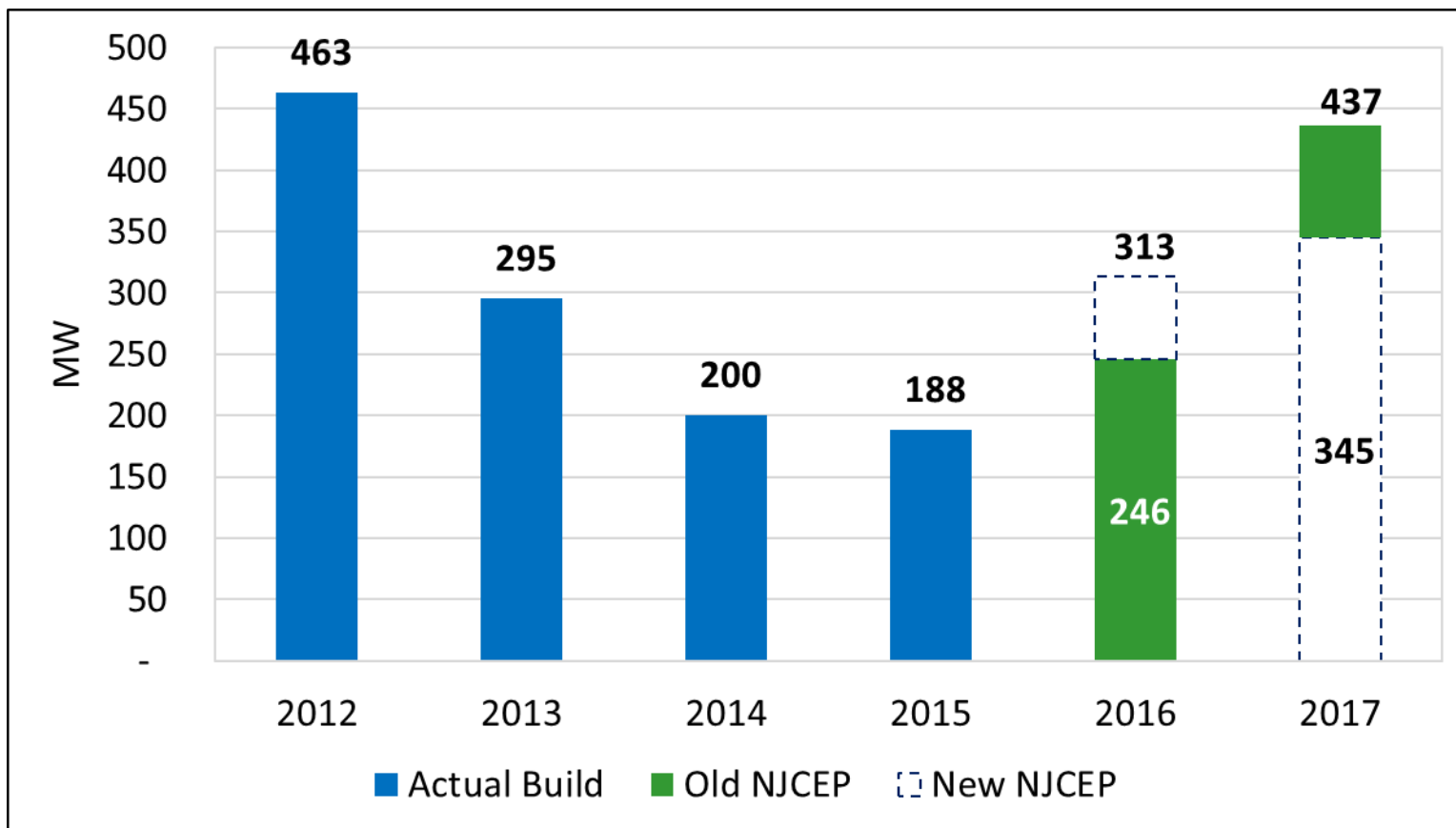


NJSEC



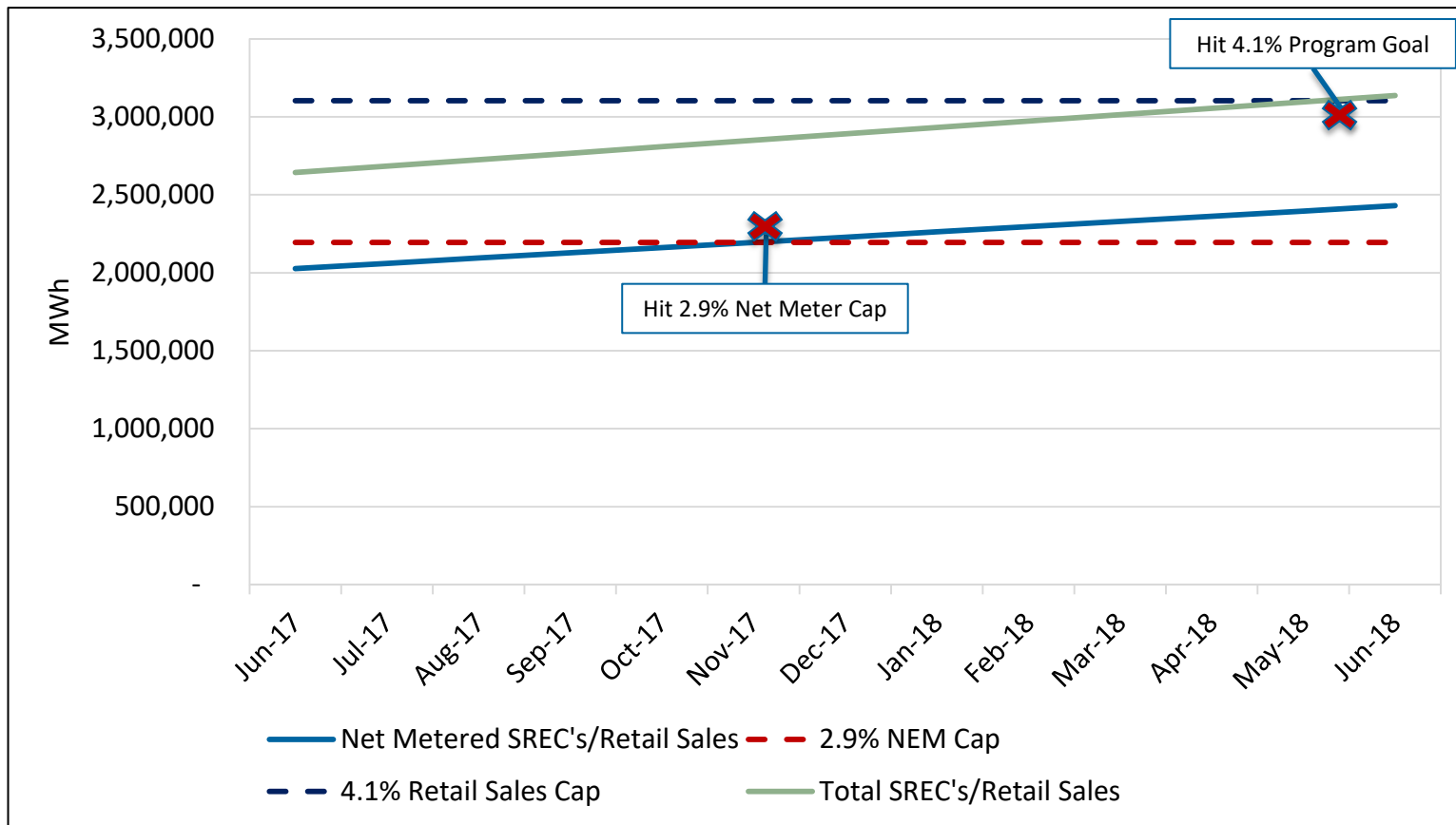
Solar Bill revisions as joint effort of team representing majority of solar market participants

New Jersey Solar Build By Energy Year



Near record install pace in energy year 2017

Achieving Solar Targets

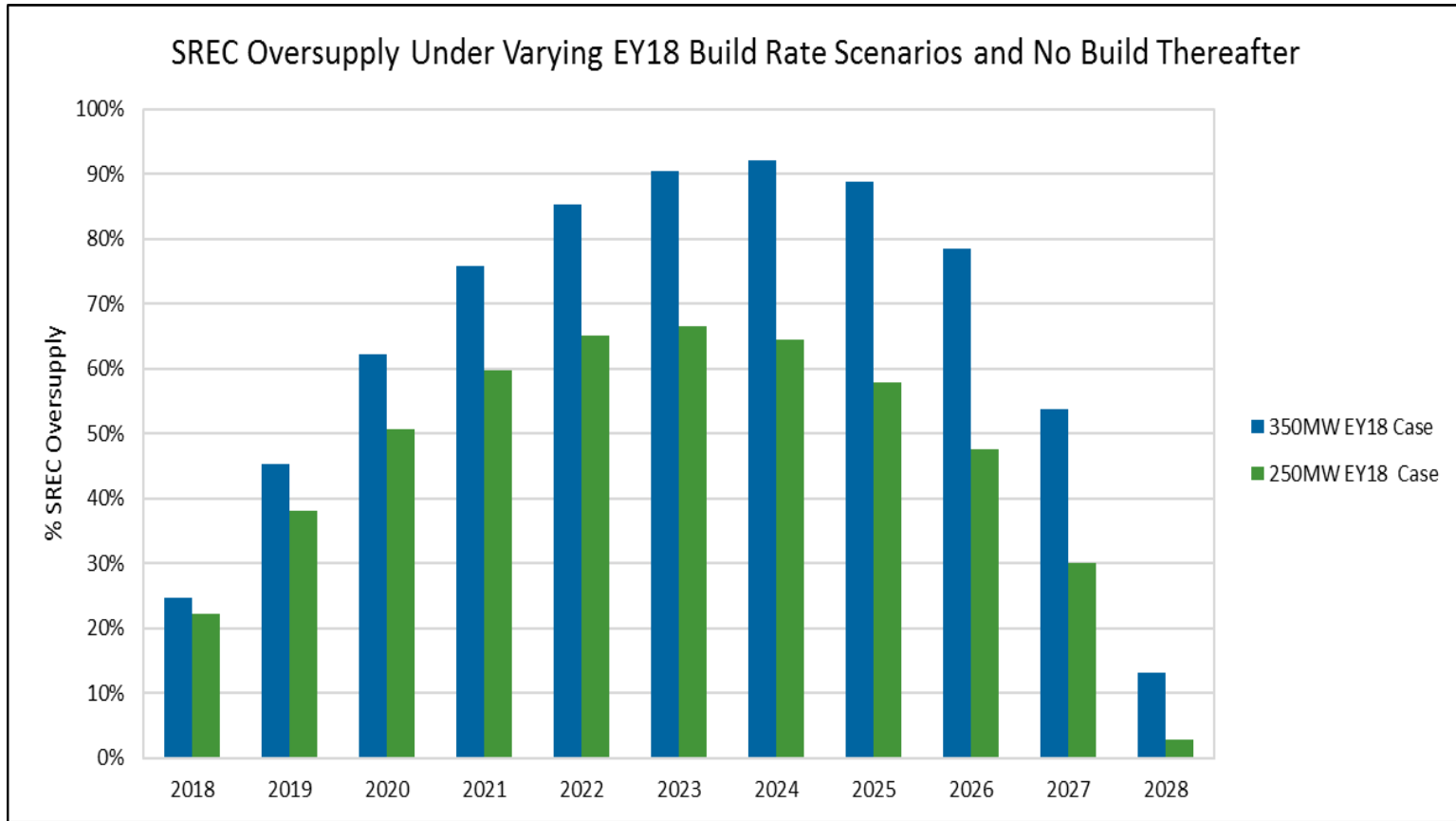


*Forecast assumes 12M-moving average installations, 1200 kWh/kW, and flat retail sales of 75,700,000MWh

*Does not factor carryover SRECs which would further compound oversupply (~180k), moves total target up to Dec. 2017

New Jersey on track to achieve existing solar goals during this energy year

Do Nothing Cases



“Point of no return” in EY18 driving 5-10 year industry shutdown

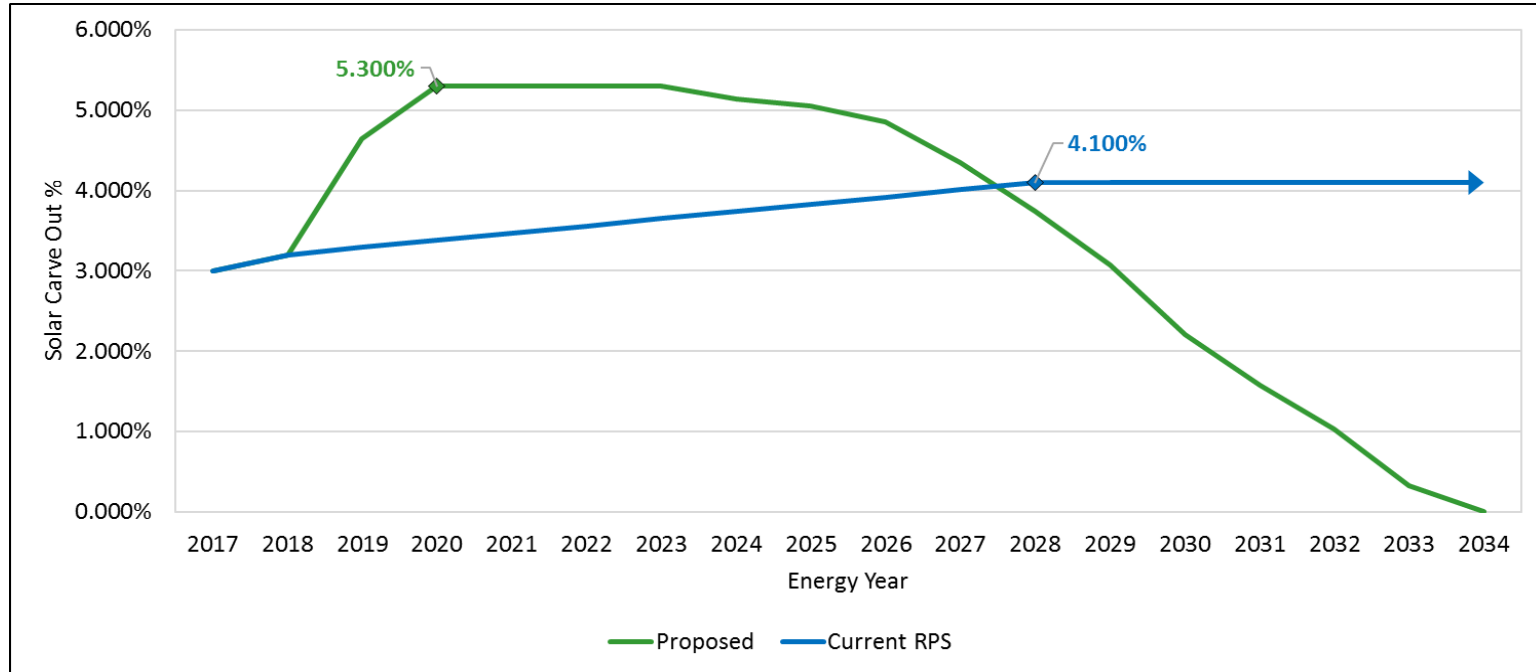
Solar Transition Bill Overview

Objective: Sustain jobs, investment, and market confidence while immediately reducing the ratepayer cost of new installations and transitioning towards an improved, lower cost long term successor program

Actions:

- **Step 1:** Jobs and investment
 - Increase RPS to EY20 to support current activity pace (375MW per year) and absorb carryover
 - Raise net metering cap (5.8%) consistent with net metering bill S3130
 - Commit to 50MW per year of Section R grid projects in EY19 and EY20
- **Step 2:** Begin transition by sunseting SREC market as revised RPS targets achieved
 - \$40 per kW escrow deposit for >25kW
 - 3-year vintage for all SRECs when market is closed
- **Step 3:** Reduce SREC eligibility for new projects from 15 to 10 years

Immediate Sunsetting of the RPS



- Proposed RPS declines reflect no new applications when 5.3% RPS target is hit and with no replacement of projects retiring from SREC eligibility
- With new projects at 10 year SREC eligibility market can permanently close in 2033

Potential Successor Program Options

Program	Description	Pro	Con
SREC II	<ul style="list-style-type: none"> • New SACP and RPS for new projects • Potentially shorten SREC Life to 5 Years • BPU sustains annual market balance with throttling • SREC II market segment factoring 	<ul style="list-style-type: none"> • Proven • Familiar • Protected from SBC raids • Easy to implement • Flexible to changing market conditions 	<ul style="list-style-type: none"> • BPU will and skill to control annual balance • Start/stop risks on participants • Front-end loaded payments
Tariff	<ul style="list-style-type: none"> • 20 year fixed payment tied to install date • Declines predetermined by MW blocks • Differentiated rates by market segment • EDC obligated to make payments 	<ul style="list-style-type: none"> • Low incentive risk • Incentives matched to asset life • Lowest annual cost • Program runs until MW cap reached 	<ul style="list-style-type: none"> • Complexity • Still unproven on sustained basis • Burden on EDC's not LSE's • Highly dependent on 1st auction • 3 year implementation in MA • State Funded Program
Declining Block	<ul style="list-style-type: none"> • Capacity based payout over 4 years based on achieving performance targets • Like DBI with incentives tied to MW blocks • Funded from SBC and RGGI proceeds 	<ul style="list-style-type: none"> • Low incentive risk • Program runs until MW cap reached 	<ul style="list-style-type: none"> • Risks of SBC raids • Payments front-end loaded • State back to payment processing • Front-end loaded payments

The Case for this Bill

- Averts multi-year collapse and shutdown of NJ solar industry
- Preserves legacy and hard-earned gains of 2012 Solar Act
- Calibrates RPS to level sufficient to sustain jobs and investment at current activity pace
- Serious commitment to change, while providing sufficient time to develop and implement a successor program which can succeed and is well aligned with state energy policy
- Balanced approach which benefits labor, investors and ratepayers



Thank you

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