

SREC-Based Financing (SREC-II) Program RFP Overview Webinar

Round 3

Atlantic City Electric Company (ACE), Jersey Central Power & Light Company (JCP&L), and Rockland Electric Company (RECO)

January 6, 2016



A PHI Company

**Jersey Central
Power & Light**

A FirstEnergy Company



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Phones will remain muted throughout

- » You may submit questions today:
 - via the RFP Web Site at njsolarprogram.com (click on 'FAQ'); or
 - via email to njsolar@navigant.com (your question can be submitted at any time during the RFP and may be responded to directly by our staff)
- » We will post responses to all questions submitted and received during the Webinar to the RFP Web site

Agenda

- **Today's Webinar**
- **RFP Website**
- **Communications Protocol**
- **RFP Overview**
- **SREC Solicitation Segments**
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Documents and details related to RFP located at www.njsolarprogram.com

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Site Contents

Request for Proposals ("RFP")

Under the SREC-Based Financing ("SREC-II") Program

To subscribe for e-mail updates on the New Jersey EDCs' RFP under the SREC-Based Financing program, please follow this link.

This site, provided by Navigant Consulting, Inc., is your primary source of information for the SREC-Based Financing Program ("Program"). It is provided for Jersey Central Power & Light Company ("JCP&L"), Atlantic City Electric Company ("ACE"), and Rockland Electric Company ("RECO"). This site will be updated regularly, so please check back often for current information and documents. If you have any questions regarding this RFP, please contact the Solicitation Manager at njsolar@navigant.com.

Announcements

Date of Announcement	Title	Body
8/18/2015	SRP Registration - Round 2 Deadlines	<p>Prospective bidders are advised to submit their SRP Registrations as soon as possible. The following instructions have been provided by the SRP Market Manager:</p> <p><u>Instructions for submitting SRP Registrations to Market Manager:</u></p> <p>All SRP Registrations for the SREC Based Financing Program Solicitation must be RECEIVED by the Market Manager by Monday, September 28, 2015 by 4 pm. Due to the high volume of registrations, <u>no exceptions</u> will be given on this deadline.</p> <p>SRP Registration Packet must include:</p> <ul style="list-style-type: none"> A clearly written cover letter noting the project is intended for participation in the SREC-II Based Financing Program Solicitation. Cover letter must be the first page of SRP Registration packet. If there is no cover letter, the Market Manager will assume the project is <u>not</u> intended for this Solicitation. Please review your SRP Registration prior to submitting to the Market Manager to ensure all required information is included in the packet.

- » Navigant is serving as the Solicitation Manager (SM) for this RFP and its responsible for managing communications related to the RFP.
- » You may submit questions via:
 - RFP Web site: www.njsolarprogram.com and click on 'FAQ'
 - E-mail: njsolar@navigant.com
- » Please direct all correspondence through these channels.

- » The SREC-II Based Financing Program is designed to encourage and enable financing for new solar projects based on reasonable assurances of the price and potential revenues that may result from each Project's production of SRECs.
- » Each of the three EDCs will contract with the winning bidders from this RFP for **SRECs only** from Projects located within the EDC's service territory.
 - No purchase of energy or capacity from the solar projects is offered under this solicitation.
- » The SREC-Based Financing Program is consistent with the NJ BPU Orders and approved Stipulations (available on RFP web site):
 - 10 year term purchase agreements.
 - Three solicitations will be issued each year over a three year period.
 - Proposers must submit their Projects under the SREC Registration Program (SRP) and receive an SRP Registration Number.

- » **Proposals solicited under the SREC-II Program must fall in one of the following three categories:**
 - **Segment 1:** Net-metered residential and small commercial solar photovoltaic Projects less than or equal to 50 kW (Set-Aside and “Aspirational”).
 - **Segment 2:** Net-metered Projects greater than 50 kW up to 2 MW.
 - **Segment 3:** Grid-supply solar photovoltaic Projects conditionally certified or fully certified by the BPU as located on closed landfills, brownfields or areas of historic fill.

Round 3 Overview

» This RFP is seeking SRECs from solar projects up to the following quantities:

Segment	Round 2 Solicitation (kW-Dc)			TOTAL
	JCP&L	ACE	RECO	
Segment 1 - Residential/Commercial Set-Aside	720	234	400	1,354
Segment 1 - Residential/Commercial Aspirational	580	250	0	830
Segment 2 – Res/Commercial	5,440	3,075	1,000	9,515
Segment 1 & 2 – Aspirational Capacity no longer held for Segment 1 (Available if either Segments are oversubscribed)	1,160	500	100	1,760
Segment 3 - Landfill/Brownfield/Historic Fill	5,200	2,300	1,500	9,000
EDC Total Round 3 Solicitation Targets	13,100	6,359	3,000	22,459

*Segment is for commercial projects only

Eligibility and Requirements

The following is a checklist of the primary eligibility criteria for the SREC II Program:

1. Project proposal conforms to all program requirements and meets the description for one of the following segments:

- Segment 1: Net-metered Residential and Commercial solar photovoltaic projects less than or equal to 50 kW Dc
- Segment 2: Net-metered solar photovoltaic projects greater than 50 kW Dc up to 2 MW Dc
- Segment 3: Grid Supply solar photovoltaic projects conditionally or fully certified by the NJ BPU

2. Project must be located in one of the EDC territories and be interconnected with the EDC distribution system (Segment 3 may interconnect with EDC transmission/sub-transmission system)

3. Participant, Developer, Owner, and/or Customer agrees to all program requirements, including:

- Terms and conditions of the SREC-PSA
- EDC net metering arrangements
- Execution of PJM-GATs Standing Order

Eligibility and Requirements (cont'd)

The following is a checklist of the primary eligibility criteria for the SREC II Program:

4. Net metered project must clear the Initial Application Process under the SREC Registration Program before the Bid Due date; registration must be submitted to SRP Admin by 2/1 at 4 PM

5. Project has not been constructed prior to the date that proposals are due (except for Segment 3)

6. Project will not request final interconnection approval prior to BPU approval of bids and award of SREC-PSA (except for Segment 3)

Consolidated Bid Application Overview

For Round 3, a single bid application is required to be submitted that includes the following:

- » Section 1 – Project Information, which includes:
 - NJCEP Application Number which you will receive from the SRP Administrator if requested no later than 2/1 by 4 PM; and
 - Application Fee Confirmation Number which you receive once paid through the njsolarprogram.com site.
- » Section 2 – Proposer Contact Information
- » Section 3 – Customer Information
- » Section 4 – Developer Information
- » Sections 5 & 6 – Owner and Host Information
- » Section 7 – Pricing Proposal
 - Proposed price per SREC to be paid by the EDC during the SREC-PSA Delivery Period
 - Project Segment (1, 2 or 3)
 - EDC Service Territory
 - Confirmation that bidder agrees to the terms of the RFP
- » Sections 8 & 9 - Certifications
- » Section 10 – Company Ownership Supplemental Form
- » Section 11 – Customer Acknowledgement
- » Section 12 – Appendix C to the SREC PSA (Depending on response to questions in Section 12, electronic copy in pdf format may be required with Consolidated Bid Application submission)
- » Section 13 – Final Checklist

Application Fee

- » The following fees must be paid prior to submitting your Consolidated Bid Application:

Segment	Application Fee		
	JCP&L	ACE	RECO
Segment 1	\$25	\$25	\$150
Segment 2	\$50	\$50	\$150
Segment 3	\$150	\$150	\$150

- » Payments must be made via the online payment portal located at <https://njsolarprogram.navigant.com/SitePages/Application%20Fee.aspx>
- » You will receive a confirmation number. The number must be included in the Consolidated Bid Application.
- » If you fail to include the confirmation number in the Consolidated Bid Application, your bid will not be evaluated.

Administrative and SREC Transaction Fees

- » Administrative and SREC Transaction Fees are deducted from your proposed price by the EDC.

EDC	Fees (\$/SREC)		
	Administrative Fee	Transaction Fee	Total Fees
ACE	\$17.07	\$22.59	\$39.66
JCP&L	\$17.00	\$31.21	\$48.21
RECO	\$30.00	\$39.11	\$69.11

- » The amount above will be deducted from the proposed price:

EDC	Example (\$/SREC)		
	Example Price*	Total Fees deducted	Amount paid
ACE	\$200	\$39.66	\$160.34
JCP&L	\$200	\$48.21	\$151.79
RECO	\$200	\$69.11	\$130.89

*The \$200/SREC example price was used for illustrative purposes only.

The SM will conduct the Project ranking in the following sequence:

1. Review Bids for eligibility and completeness.
2. Reject ineligible/incomplete proposals and those that have not paid the Application Fee or provided the corresponding payment confirmation number.
3. Rank Bids by price per SREC.
4. Apply Appropriate Developer Caps for each segment.
5. Develop preliminary findings (segment participation, Developer Cap, competitiveness of pricing, recommendations for next round of solicitation) will be developed.
6. Present confidential preliminary findings and recommendations to the EDCs, BPU Staff and Rate Counsel for input.
7. Submit confidential findings and recommendations to the BPU for their consideration.

- » Per the approved Stipulations (available on the RFP Web Site), Bids will be ranked and selected up to the solicitation targets in order of lowest price
- » In addition, per the Stipulations, a pricing “soft-cap” above which prices should not be accepted is developed in each round.
- » Accordingly, not all projects will necessarily be selected in any given round, unless all prices received are below the soft-cap, are found to be competitive, and are within the solicitation targets.
- » Based on feedback from the last round, we would like to remind, emphasize and advise developers of the following when preparing pricing:
 - Bid Prices will be locked-in and essentially guaranteed for a 10 year period
 - Accordingly, the risk of SREC spot market prices falling is completely obviated under the program, and it is expected that bid prices will reflect the corresponding risk mitigation
- » Note that the Bid Price soft-cap may be below current SREC spot market prices.
- » **Therefore, bidders should offer their lowest possible price in order to maximize their chances for selection.**

Results from Round 2

- » **Segment 1. Residential & Small Commercial (50 kW and below):**
 - 13 bids were received, totaling 248.91 kW
 - 11 awards were made, totaling 235.51 kW
 - Two bids were rejected because pricing was found not to be competitive
 - *The average price per SREC in Segment 1 was \$256.89*
- » **Segment 2. Residential & Small Commercial (Greater than 50 kW to 2 MW):**
 - Seven bids were received, totaling 3,219.7 kW
 - Seven awards were made, totaling 3,219.7 kW
 - One project was not evaluated due to the lack of an SRP Registration #
 - *The average price per SREC in Segment 2 was \$227.29*
- » **Segment 3. Subsection t. landfills, Brownfields, or Areas of Historic Fill (Up to 5.2 MW):**
 - No bids were received

Final Awards

- » Final selection recommendations will be scheduled on the Board agenda.
- » Final awards are determined by the BPU and memorialized in a Board Order that is issued shortly thereafter.
- » The SM will then notify successful and unsuccessful bidders of the status of their bid.
- » The execution of the SREC-PSAs by the Owners of successful Projects will occur approximately 45 days following the issuance of the Board Order.

RFP Target Schedule

Date	Action
December 17, 2015	Release of RFP for Round 3
January 6, 2016	Optional RFP Overview Webinar (11:00 AM)
February 12, 2016	Consolidated Bid Application due (12:00 PM)
February 19, 2016	SM reviews preliminary recommendations with BPU Staff, EDCs and Rate Counsel for input
February 26, 2016	Deadline for any opportunity for input – SM develops final recommendations to the Board
February 26, 2016	SM submits Round 3 recommendations to Board
March 19, 2016	Board Meeting and Written Order
March 20-22, 2016	Round 3 Final Awards Announced

Key CONTACTS



Solicitation Manager, Navigant Consulting, Inc.

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Speakers on today's webinar:

Dan Bradley, Director-In-Charge

Jim Peterson, Director

Dia Dean Koujak, Associate Director

Lucas Porter, Managing Consultant

Important Notice

Any statements in this Webinar presentation describing or referring to RFP-related documents and agreements are summaries only, and are qualified in their entirety by reference to such RFP-related documents and agreements as provided in the following:

- SREC-II Program RFP
- Appendix A: Purchase & Sale Agreement (PSA)
- Appendix B: Consolidated Bid Application