



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF JERSEY CENTRAL POWER)
& LIGHT COMPANY'S VERIFIED PETITION)
SEEKING REVIEW AND APPROVAL OF ITS)
ADMINISTRATIVE FEE FOR THE SREC II)
PROGRAM FOR THE CALENDAR YEAR 2022)
EFFECTIVE AS OF JANUARY 1, 2022)

DECISION AND ORDER
SETTING ADMINISTRATIVE FEE

DOCKET NO. ER21111208

Parties of Record:

Joshua R. Eckert, Esq., Jersey Central Power & Light Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On November 1, 2021, Jersey Central Power and Light Company ("JCP&L" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval for the continuation of the Administrative Fee component of the Program Participant Fees at the current level of \$17.00 per purchased Solar Renewable Energy Certificate ("SREC") for calendar year 2022 ("November 2021 Petition"). By this Decision and Order, the Board considers the Company's request to maintain the SREC II Administrative Fee for calendar year 2022.

BACKGROUND AND PROCEDURAL HISTORY

Solar Financing Programs

By Order dated August 7, 2008, the Board directed JCP&L and Atlantic City Electric Company ("ACE") to file, by September 30, 2008, a solar financing program based on SRECs, utilizing and incorporating certain mandatory design and filing requirements. On September 30, 2008, JCP&L filed a petition with a proposed SREC financing program under BPU Docket No. EO08090840.

ACE, JCP&L, Board Staff ("Staff"), the New Jersey Division of Rate Counsel ("Rate Counsel"), and the Solar Alliance ("SA") considered the ACE and JCP&L filings in the course of 11 settlement meetings held between February and March 2009. Over the course of those settlement discussions, the ACE and JCP&L proposals were incorporated into a single program which included a cost recovery mechanism and incentives. ACE, JCP&L, Staff, and SA executed a stipulation on March 13, 2009 ("March 2009 Stipulation"). Rate Counsel was also a signatory to

the March 2009 Stipulation, but reserved its right to contest three (3) specific issues. By Order dated March 27, 2009, the Board approved the March 2009 Stipulation and decided the contested issues.¹ Among other things, the March 2009 Order approved the recovery of costs through an SREC Financing Program rate component of the Rider Regional Greenhouse Gas Initiative (“RGGI”) Recovery Charge (“RRC”) equal to a per kWh charge applicable to all customers. As net program costs for the first year of the program were uncertain, the March 2009 Order required that the JCP&L Rider RRC rate component for this program be set at an initial rate of zero (\$0.0000) and to be revisited within 12 months of the awards from the first solicitation.

On May 8, 2009, Rate Counsel filed a Notice of Appeal with the Superior Court of New Jersey, Appellate Division, regarding the additional recoveries portion of the contested issues. On July 29, 2009, ACE, JCP&L, Staff, and Rate Counsel entered into a further stipulation of settlement with respect to the contested issues (“Stipulation on Appeal”). By Order dated September 16, 2009, the Board modified its March 2009 Order to reflect the terms of the Stipulation on Appeal. Rate Counsel withdrew its appeal on September 23, 2009.²

By Order dated December 18, 2013, the Board authorized JCP&L to offer an SREC II Program with a total program size of up to 52 MW.³ The December 2013 Order set the Administrative Fee for the SREC II Program participants at \$17.00 per SREC, and further ordered that after five (5) years there would be a true up of the administrative costs and program participant fees, and the program participant fees would be adjusted on a prospective basis beginning January 1, 2019. Through a series of Board Orders, the Board authorized the Company to maintain the SREC II Administrative Fee at the Board’s previously approved rate of \$17.00.⁴

¹ In re the Verified Petition of Jersey Central Power and Light Company Concerning a Proposal for a Solar Renewable Energy Certificate-Based Financing Program Under N.J.S.A. 48:3-98.1, BPU Docket No. EO08090840, Order dated March 27, 2009 (“March 2009 Order”).

² In re the Verified Petition of Jersey Central Power and Light Company Concerning a Proposal for a Solar Renewable Energy Certificate-Based Financing Program Under N.J.S.A. 48:3-98.1, BPU Docket No. EO08090840, Order dated September 16, 2009.

³ In re the Verified Petition of Jersey Central Power & Light Company Concerning a Proposal for a Solar Renewable Energy Certificate (SREC)-Based Financing Program Under N.J.S.A. 48:3-98.1 (“SREC II”), BPU Docket No. EO12080750, Order dated December 18, 2013 (“December 2013 Order”).

⁴ In re the Verified Petition of Jersey Central Power and Light Company Seeking Review and Approval of its Deferred Balances Relating to, and an Adjustment of the Rider RRC – RGGI Recovery Charge of its Filed Tariff (“2017 Rider RRC Filing”), and Seeking Review and Approval of its Administrative Fee for the SREC II Program Effective as of January 1, 2019, BPU Docket No. ER18101094, Order dated December 18, 2018;

In re the Verified Petition of Jersey Central Power and Light Company Seeking Review and Approval of its Deferred Balances Relating to, and an Adjustment of the Rider RRC – RGGI Recovery Charge of its Filed Tariff (“2018 Rider RRC Filing”), and Seeking Review and Approval of its Administrative Fee for the SREC II Program Effective as of January 1, 2020, BPU Docket No. ER19070806, Order dated December 20, 2019; and

In re the Verified Petition of Jersey Central Power and Light Company Seeking Review and Approval of its Deferred Balances Relating to, and an Adjustment of, the Solar Renewable Energy Certificates Financing Component (“SREC”) of the Rider RRC – RGGI Recovery Charge of its Filed Tariff (“2019 Rider RRC Filing”), and Seeking Review and Approval of the Administrative Fee for the SREC II Program Effective as of January 1, 2021, BPU Docket No. ER20110698, Order dated October 6, 2021.

NOVEMBER 2021 PETITION

In the November 2021 Petition, JCP&L requested authorization to carry forward any over or under recovered Administrative Fee balances for recovery in future annual periods, and maintain the SREC II Administrative Fee at \$17.00 per purchased SREC for calendar year 2022, subject to re-evaluation at the end of 2022. According to the November 2021 Petition, using the cost recovery provisions from the December 2013 Order, the Company would need to decrease the Administrative Fee from \$17.00 to a credit of \$10.22 per SREC. Accordingly, in the November 2021 Petition, JCP&L proposed a modification to the cost recovery mechanism for the SREC II Program. The November 2021 Petition further provides that JCP&L's request to maintain the Administrative Fee at its current level is driven by a number of concerns: 1) there is a risk that some projects may experience operational failures that may be short or long term in nature that would result in the production of less SRECs than projected; 2) some participants may default on their contractual obligations due to the spot market price for SRECs being substantially above the contract prices for a number of projects participating in the SREC II program which may cause JCP&L to be at risk of not recovering its administrative costs for the program if the Administrative Fee is lowered; 3) yearly adjustments to the Administrative Fee based upon over/under recovery of variable administrative costs will increase uncertainty for program participants and may cause some to withdraw from the program if the Administrative Fee increases above its current levels; and 4) the Company believes that program participants have already "priced-in" the current cost into their SREC bids.

Rate Counsel Comments

On November 23, 2021, Rate Counsel submitted a non-objection letter regarding JCP&L's request to maintain the current Administrative Fee of \$17.00 per SREC through the end of calendar year 2022, subject to re-evaluation at the end of 2022. Rate Counsel explained that JCP&L's proposal is consistent with the objective of assuring that ratepayers do not pay for JCP&L's administrative costs for the SREC II program. Rate Counsel stated that it is logical to assume the \$17.00 fee is embedded in the prices that the SREC II program participants are being paid for the SRECs they are selling to the Company. Therefore, according to Rate Counsel, a refund to the SREC II participants would effectively result in payments of above-contract prices for the SRECs by JCP&L and its ratepayers.

DISCUSSION AND FINDINGS

The Board reviewed this matter, including the November 2021 Petition and Rate Counsel's comments. Accordingly, the Board believes it is appropriate to maintain the SREC II Program Administrative Fee for calendar year 2022 at its current level, and re-evaluate the over recovered balance within the Company's upcoming Rider RRC true-up filing.

Accordingly, the Board **HEREBY APPROVES** the continuation of the SREC II Program Administrative Fee at the Board's previously approved rate of \$17.00 for calendar year 2022.

The Company's costs, including those related to the programs described above, remain subject to audit by the Board. This Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

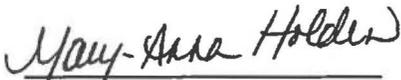
The effective date of this Order is December 22, 2021.

DATED: December 15, 2021

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF JERSEY CENTRAL POWER & LIGHT COMPANY'S VERIFIED
PETITION SEEKING REVIEW AND APPROVAL OF ITS ADMINISTRATIVE FEE FOR THE
SREC II PROGRAM FOR THE CALENDAR YEAR 2022 EFFECTIVE AS OF
JANUARY 1, 2022 - DOCKET NO. ER21111208

SERVICE LIST

<p><u>Board of Public Utilities</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Aida Camacho-Welch, Board Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>Heather Weisband, Esq. heather.weisband@bpu.nj.gov</p> <p><u>Division of Energy</u></p> <p>Paul Lupo, Acting Director paul.lupo@bpu.nj.gov</p> <p>Bart Kilar bart.kilar@bpu.nj.gov</p> <p><u>Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian O. Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Maura Caroselli mcaroselli@rpa.nj.gov</p> <p>Shelly Massey, Paralegal smassey@rpa.nj.gov</p> <p>Sarah H. Steindel, Esq. ssteinde@rpa.nj.gov</p>	<p><u>Division of Law</u> 25 Market Street, Post Office Box 112 Trenton, NJ 08625-0112</p> <p>Pamela Owen, ASC, DAG pamela.owen@law.njoag.gov</p> <p>Daren Eppley, SC, DAG daren.eppley@law.njoag.gov</p> <p>Matko Ilic, DAG matko.ilic@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p> <p><u>Jersey Central Power and Light Company</u> 300 Madison Avenue Post Office Box 1911 Morristown, NJ 07962-1911</p> <p>Mark A. Mader mamader@firstenergycorp.com</p> <p>Thomas R. Donadio tdonadio@firstenergycorp.com</p> <p>Joshua R. Eckert, Esq. jeckert@firstenergycorp.com</p> <p>James O'Toole jotoole@firstenergycorp.com</p> <p>Yongmei Peng ypeng@firstenergycorp.com</p> <p>Lauren M. Lepkoski, Esq. FirstEnergy Service Company Legal Department 2800 Pottsville Pike Reading, PA 19612-6001 llepkoski@firstenergycorp.com</p>
--	--