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March 1, 2019

**VIA ELECTRONIC AND REGULAR MAIL**

Secretary Aida Camacho-Welch  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 3rd Floor Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
Solar.transitions@bpu.nj.gov

***Re: New Jersey Solar Transition***  
**Comments of the Retail Energy Supply Association**

Dear Secretary Camacho-Welch:

On behalf of the Retail Energy Supply Association (“RESA”),<sup>1</sup> please accept these comments in response to the Board of Public Utilities’ (“Board’s or BPU’s”) solicitation of comments in response to Staff’s Solar Transition Straw Proposal (the “Straw Proposal”). As an active participant in both New Jersey’s competitive energy marketplace and prior proceedings regarding the development of the solar market in New Jersey, RESA appreciates the opportunity to provide written comments. RESA members that are active in the New Jersey market participate in the ongoing development of the solar industry by purchasing solar renewable energy certificates (“SRECs”) and by offering a variety of products and services that further support the development of the solar industry in New Jersey.

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<sup>1</sup> The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).

As the Board created discussion questions and topics, RESA is including those questions to which it has comments in this document, for ease of review.

**1. In your direct experience, how has the current SREC program functioned over the past 5 years?**

**RESPONSE:** Continuous legislative increases to third party suppliers' ("TPSs'") solar RPS obligations have caused confusion and implementation issues. RESA members are concerned that new changes to TPSs' obligations to purchase SRECs will result in increased costs that TPSs with fixed price customer contracts will not be able to recover unless the Board fully implements the provisions of the Clean Energy Act, P.L. 2018 c. 17 (the "CEA") and allows TPSs to pass through these obligations.

RESA notes that the current annual renewable portfolio standards ("RPS") reporting process relies on PJM-GATS wholesale data as the basis for its annual SREC and other renewable energy certificate ("REC") obligations. However, the reporting obligations are based on retail sale figures. In recent years, Staff has implemented extra steps for those TPSs who wish to rely on their retail sales load figures for RPS compliance as the retail load figure is at least 7% less than the PJM-GATS figures, due to the wholesale utility line losses. This additional reporting step can give TPSs as little as two weeks to review and reconcile their annual retail load sales figures against the PJM-GATS data. RESA hopes that in future years Staff in consultation with PJM-GATS can establish a less time consuming and burdensome process that utilizes retail rather than wholesale load data.

**2. How should any proposed SREC Successor Program be organized in conformance with the Clean Energy Act and Staff's SREC Transition Principles? Please provide detailed quantitative and qualitative responses as to the perceived pros and cons of each of the following options:**

- a. a fixed price SREC;
- b. a market-determined SREC; and
- c. any other option(s).

**RESPONSE:** RESA does not support a fixed price SREC and believes the Board should continue to utilize a market-determined SREC. Currently, the solar alternative compliance payment (“SACP”) serves as a cap on SREC costs, vitiating the need for a fixed price SREC. Allowing the continued trade of SRECs based on market prices ensure that SREC price remain competitive.

**13. Please provide comments on any significant issues not specifically addressed in the questions above, making specific reference to their applicability in the New Jersey context. Please do not reiterate previously made comments.**

**RESPONSE:** RESA notes that one of Staff’s “SREC Transition Principles” includes complying “fully with the statute . . .” which RESA assumes means that Staff will comply with all of the facets of the CEA. RESA hopes that this principle will ensure that Staff will honor the Board’s statutory obligation to treat changes to the solar RPS as a change required by operation of law and will further honor the Board’s obligation to ensure that the legislation is implemented in a competitively neutral manner. RESA hopes that the Board will ensure that the concerns of the retail supply industry and its New Jersey customers are considered in the Solar Transition process.

RESA members are concerned with decision makers’ apparent failure to understand the impact of solar policy initiatives on the retail supply market and its customers. In particular, successful retail supply markets must be based on price neutrality between TPS and utility default supply – BGS supply. For over a decade this fact has been ignored in the New Jersey solar market resulting in distorted pricing which harms TPS customers and the retail supply industry.

RESA understands that many members of the solar industry are advocating for further increases to the solar RPS. Any further changes to the RPS should be implemented in a way that allows all suppliers – retail and default – to pass through actual cost increases to customers. Furthermore, as RESA has reiterated many times in previous proceedings, TPSs need to know in advance the proposed changes to the RPS and the transitional process or mechanism to be utilized. TPSs enter into contracts with New Jersey customers every day, and many of these contracts cover terms of longer than one year. Implementing changes to the RPS without sufficient lead time has

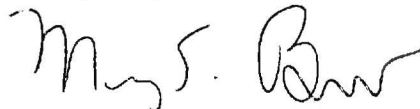
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a detrimental impact on the ability of TPSs to negotiate agreements and will ultimately cause TPSs to price increased risk into their customer contracts. Whatever transitional mechanism the Board chooses to implement, TPSs need advance notice of the proposed mechanism. RESA urges the Board to take careful, well thought-out action that gives TPSs ample time to update their pricing and contractual arrangements.

Lastly, RESA is concerned with how the Board is forecasting the 5.1% solar cap. Will this be backwards looking (as in, the Board will let everyone know once the 5.1% cap is surpassed) or forward looking where the Board advises that the cap will be hit on a future date certain? In either case, TPSs and all of the many participants in the energy and solar market in New Jersey need to understand how the Board will announce attainment of 5.1% of energy derived from solar.

RESA looks forward to continued participation in this Solar Transition process. Please do not hesitate to contact me with any questions. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Murray E. Bevan". The signature is fluid and cursive, with the first name "Murray" and last name "Bevan" clearly distinguishable.

Murray E. Bevan