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VIA ELECTRONIC MAIL
Honorable Aida Camacho-Welch
Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625-0350

Re: I/M/O Offshore Wind Renewable Energy Certificate (OREC) Funding Mechanism
Docket No. QX18040466

Dear Secretary Camacho-Welch:

By Notice dated April 27, 2018 in the above-referenced Docket, the Board of Public Utilities ("Board") invited interested parties to comment on Board Staff's Straw Proposal concerning an Offshore Wind Renewable Energy Certificate ("OREC") Funding Mechanism. In this letter, Rockland Electric Company ("RECO") submits its comments regarding Board Staff's Straw Proposal.

According to Board Staff's Straw Proposal, RECO and the other three New Jersey Electric Distribution Companies ("EDCs") shall act as payment agents, on behalf of suppliers, to direct OREC funding from ratepayers to Off Shore Wind ("OSW") developers. The EDCs shall make monthly OREC payments to the OSW developers based on the actual number of MWhs produced by the offshore wind projects. The EDCs shall retain an OREC Program Administrator to monitor and verify that OREC payments are correct, that the correct amount of PJM revenues are refunded to ratepayers, and to provide annual true-ups and verification of all obligations and payments. Reasonable administrative costs related to an OREC Administrator and/or for acting as a payment agent shall be recoverable by the EDCs as pass-through charges.

Rather than adopting Board Staff's Straw Proposal, RECO recommends that the Board adopt a regulatory model similar to that adopted by the State of Maryland pursuant to the Maryland Offshore Wind Energy Act of 2013 ("Maryland Model").[1] Rather than

[1] Maryland Public Utilities Articles §7–704.1 and §7–704.2

appointing the Maryland EDCs as OREC funding payment agents, Maryland requires that a qualified offshore wind project appoint an administrator, selected by that project and acceptable to the Maryland Public Service Commission, to establish for that project an escrow account, a reserve account and other required accounts. Each Maryland electric supplier is required to purchase from the escrow account the number of ORECs required to satisfy the offshore wind energy component of Maryland's renewable energy portfolio standard. This escrow account allows for the transparent transfer of ORECs between offshore wind projects and electric suppliers.

The Maryland Model has many positive attributes, not the least of which is that it already has been implemented successfully. Unlike the Board Staff Straw Proposal, the Maryland model does not risk adversely affecting the EDCs' cash flows, financial conditions, and financial ratings. In addition, the Maryland Model is similar to the framework that New Jersey has successfully employed for years relating to the financing of Renewable Energy Certificates. The Board should adopt the Maryland Model as its OREC funding mechanism.

Please contact me if you have any questions regarding these comments.

Very truly yours,

/s/ *John L. Carley*

John L. Carley
Assistant General Counsel