



JOINT CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 18-02-DPMC/DPP	ORIGINATING AGENCY: DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION DIVISION OF PURCHASE AND PROPERTY	PAGE 1 OF 3
EFFECTIVE DATE: 08-11-17	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 08/02/DPP
SUBJECT: EXCESS/SURPLUS PROPERTY PROCEDURES - SOLAR RENEWABLE ENERGY CERTIFICATES (SRECs)		
ATTENTION: ALL STATE AGENCIES		
FOR INFORMATION CONTACT: (DPMC) – JAMES LANGSDORF PHONE: (609) 984-9596 FAX: (609) 984-1750 (DPP) – PHILIP MICHAELS PHONE: (609) 292-4886 FAX: (609) 984-2575		

I. PURPOSE

This Circular sets forth the procedures for the identification, notification, and method of disposal of surplus State assets known as Solar Renewable Energy Certificates (SRECs).

II. POLICY

The policy of the State of New Jersey is to ensure that the Departments and Agencies comprising State Government achieve the maximum possible benefit from excess and surplus personal property by directing the procedure for handling such property and by providing the guiding principles to assist State agencies in determining the appropriate course of action to expedite the proper disposition of such property in compliance with N.J.S.A. 52:27B-67.

III. DEFINITIONS

EXCESS PROPERTY – State property no longer needed by the owning Agency that is offered to other State Agencies at no charge.

OWNING AGENCY – State Agency responsible for the solar-generating facility.

SURPLUS PROPERTY – State property not needed by any State Agency that is available for appropriate disposition.

SOLAR RENEWABLE ENERGY CERTIFICATES (SRECS) – Tradable certificates, created under New Jersey's Renewable Portfolio Standards, representing the clean energy benefits of power generated by a solar electric system. When these benefits are generated by a State-owned solar-generating facility, the resulting SRECs are considered a type of State-owned personal property.

IV. GUIDELINES

The transfer, sale, or disposal of all State assets classified as Surplus Property must comply with N.J.S.A. 52:27B-67.

Excess property must either be made available to other State Agencies at no charge or be declared Surplus and sold through bidding or public auction/sale, or disposed of locally. All proceeds from the sale of Surplus assets, including SRECs, must be deposited into the General Fund, State of New Jersey.

Because SRECs accrued by a State agency have no utility for any other State agency, they are by definition surplus property and are not to be offered to other agencies. Further, unless specifically authorized to do so, owning agencies are not authorized to dispose of surplus SRECs on their own, but rather must transfer them to the Division of Purchase and Property (DPP) for disposition through the Division of Property Management and Construction (DPMC) as outlined below, which must deposit the proceeds of such disposition into the General Fund.

Under certain circumstances, it may be appropriate to modify or amend the policies and procedures of this Circular to effect the timely and/or most cost effective method of surplus property disposal. Requests to deviate from the procedures of this Circular must be made in writing to the Director of DPP and the DPMC, and must be approved accordingly.

V. AGENCY PROCEDURE FOR SURPLUS SRECs

- A. Each State owner of solar generation facilities subject to the terms of this circular, must transfer ownership of the SRECs generated by those facilities to the DPP for disposition using "Transfer of Solar Renewable Energy Certificates" (form available on the Treasury web site: <http://www.state.nj.us/treasury/purchase/forms.htm>). A separate form is required for each owned solar facility.
- B. When energy production reaches one-megawatt hour (MWh) or more, the owning agency must accurately report production to the DPMC on a date and in a format to be specified by the DPMC.
- C. Each owning agency is required to maintain records of energy production reported to the DPMC and DPMC must compile and maintain such information.

VI. DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION PROCEDURE FOR SURPLUS SRECs

- A. As production data is reported by facility owners, the DPMC will record it on the PJM-EIS Generation Attribute Tracking System (PJM/GATS) website.
- B. When SRECs have accumulated in a quantity sufficient for bundling and sale, the DPMC will review several online SREC brokerage websites for current SREC pricing and, based on this information, it will, establish a minimum bid price and post notice of the intent to sell the available SRECs on the PJM/GATS bulletin board. Potential qualified bidders responding to the Gats Bulletin Board posting will be informed of the date and time of a DPMC "auction" of the SRECs. At the established date and time, bidders will have an opportunity to bid until the established "auction" closing time. At the conclusion of the established bid closing time, the DPMC will declare the highest bidder whose bid exceeds the minimum bid price the winner and provide notice to this bidder of same. All bids shall be recorded on Form PB-121, Summary of Bids – Solar Renewable Energy Certificates.

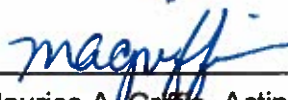
- C. In the event that a bid greater than the minimum bid price is received and is in accordance with the terms of the auction, the DPMC shall prepare and complete an Agreement of Sale with the highest bidder. The Agreement of Sale must be signed by the winning bidder, the Director of DPMC (or the Director's designee), and the Director of DPP (or the Director's designee), and maintained by DPMC on file with Form PB-121.
- D. Any Agreement of Sale entered into between the State and the SREC winning bidder shall be effective only upon the State's receipt of a fully executed Agreement of Sale, and receipt and clearing of funds in the amount of the agreed upon sale price. If payment by the winning bidder is to be made by check, the check must be made payable to "Treasurer, State of New Jersey." All funds received from the sale of SRECs are to be transmitted into the General Fund. After entering into an Agreement of Sale and after funds have been received and cleared, the DPMC shall transfer the SRECs to the buyer's PJM/GATS registered account.

VII. RECORD KEEPING

All records and documentation pertaining to the disposal of surplus SRECs must be maintained by the owning agency and the DPMC in accordance with appropriate records retention schedule provision(s) and must be available for review by the DPP and by the Office of Legislative Services.



Christopher Chianese, Director
Division of Property Management and Construction



Maurice A. Griffin, Acting Director
Division of Purchase and Property