
TRC Solar Analysis

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- TRC performed an analysis of the level of SRECs available compared to the RPS requirement under a number of scenarios

The analysis assessed:

- Current levels of installed solar capacity
- Estimated levels of new capacity additions under various scenarios
- The number of “banked” SRECs, the remaining life of the banked SRECs, and estimates of future levels of SREC generation
- The number of SRECs required to meet current and future RPS requirements

RPS Solar Requirement

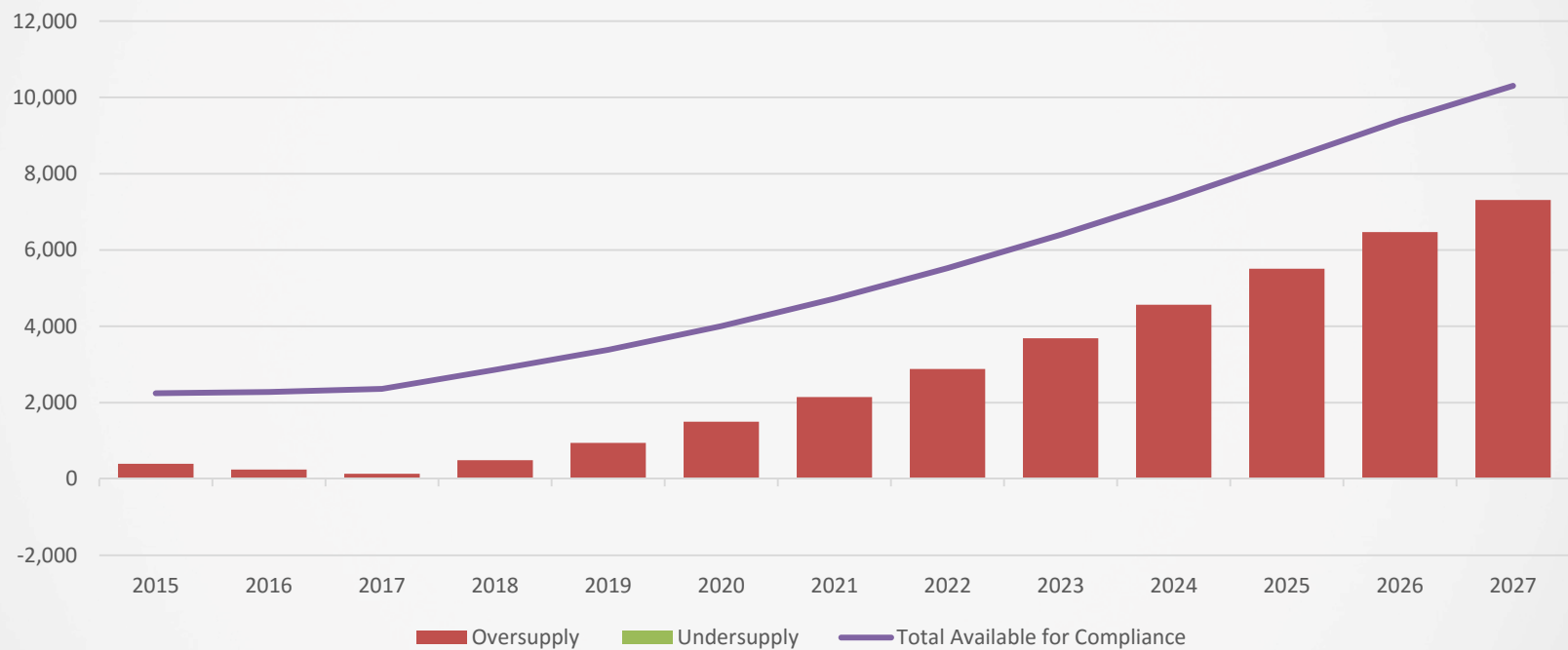


Energy Year	Electricity Sales (GWh)	Solar Requirement	Total Solar Obligation (kSRECs)	Incremental Solar Obligation (kSRECs)	Source
2005	73,675	0.0100% (pre-A.B. 3520)	6	0	Actual based on EY2015 RPS Compliance Report
2006	84,353	0.0170% (pre-A.B. 3520)	10	5	
2007	83,315	0.0393% (pre-A.B. 3520)	33	22	
2008	80,029	0.0817% (pre-A.B. 3520)	65	33	
2009	81,416	0.1600% (pre-A.B. 3520)	130	65	
2010	77,419	0.2210% (pre-A.B. 3520)	171	41	
2011	81,349	306 GWh (A.B. 3520)	306	135	
2012	76,935	442 GWh (A.B. 3520)	442	136	
2013	76,274	596 GWh (A.B. 3520)	596	154	
2014	76,513	2.050% (S.B. 1925)	1,569	973	
2015	75,390	2.450% (S.B. 1925)	1,847	279	
2016	74,199	2.750% (S.B. 1925)	2,040	193	
2017	75,179	3.000% (S.B. 1925)	2,255	215	
2018	74,079	3.200% (S.B. 1925)	2,371	116	
2019	74,133	3.290% (S.B. 1925)	2,439	68	
2020	74,186	3.380% (S.B. 1925)	2,507	69	
2021	74,239	3.470% (S.B. 1925)	2,576	69	
2022	74,293	3.560% (S.B. 1925)	2,645	69	
2023	74,346	3.650% (S.B. 1925)	2,714	69	
2024	74,400	3.740% (S.B. 1925)	2,783	69	
2025	74,454	3.830% (S.B. 1925)	2,852	69	
2026	74,507	3.920% (S.B. 1925)	2,921	69	
2027	74,561	4.010% (S.B. 1925)	2,990	69	

Estimated SRECs Available for Compliance vs Solar Obligation



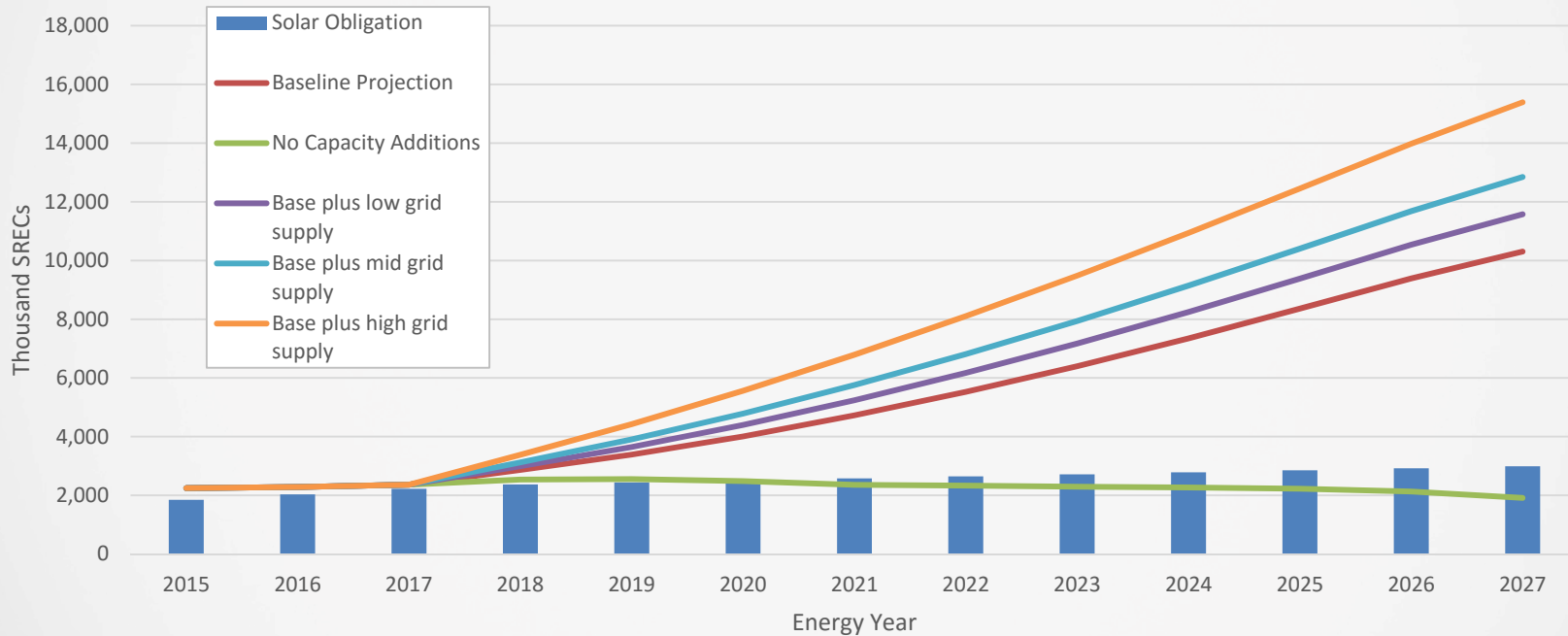
Solar Obligation versus Total SRECs Available for Compliance



Solar Capacity vs Solar Obligation



Subsection R Scenario SRECs Available for Compliance, EY2015 through EY2027



Conclusions



- Solar investment is influenced by a wide variety of factors including, solar costs, public incentives at the federal and state level, SREC prices, as well as overall, market wide economic factors. As a result, there is uncertainty regarding specific market conditions and their effect on solar investment.
- The analysis assumed historic trends continue into the future. However, the RPS as a market based incentive delivery system, is designed in theory such that an oversupply of SRECs should lead to a drop in SREC prices which should result in lower installation rates. The effects of wider economic factors such as changes in the economy or changes to other sources of incentive, i.e. interest rates, inflation, or changes in federal tax policy, are not taken into consideration.

Conclusion Cont.



- Under current requirements, the total SRECs available for compliance in the baseline is expected to exceed the solar obligation through EY2027. In EY2018 the SREC market is expected to be oversupplied by approximately 59 percent in the baseline scenario, by 40 percent with no solar capacity additions, and between 67 and 92 percent for the low and high grid supply scenarios, respectively.

ICF Solar Analysis



- ICF developed a fundamentals-based (supply/demand) model to produce outputs that can assist the New Jersey BPU in evaluating SREC supply and pricing impacts by adjusting the following policy levers:
 - Solar Alternative Compliance Payment (SACP) levels
 - Project qualification life
 - Solar Renewable Energy Credit (SREC) bankability period
 - Grid supply Subsection R (SSR) solar penetration
 - Renewable Portfolio Standard (RPS) carve-out for solar
- The model allows for a consistent framework through which to examine the impacts of possible changes in policy design on both additional solar capacity builds (MWDC) in New Jersey and on SREC pricing (\$/MWh) in the State over a 5-year horizon.
- **ICF will present the results of its analysis at the November 9th RE Committee meeting**