

**NEW JERSEY RENEWABLE PORTFOLIO STANDARD ENERGY YEAR 2019 –
COMPLIANCE INSTRUCTIONS MEMO**

To: Retail Electric Third Party Suppliers, Electric Distribution Companies and BGS Providers

From: NJBPU OCE Staff via Email and post to NJCleanenergy.com/rps

September 6, 2019

Re: Retail Sales Adjustment and Final Retail Sales Figures

The Office of Clean Energy (“OCE” or “Staff”) in the New Jersey Board of Public Utilities has facilitated compliance by Third Party Suppliers (“TPS”) and Basic Generation Service Providers (“BGS Providers”) with their annual Renewable Portfolio Standard (“RPS”) requirements since 2002. The following document provides final, aggregated retail electric sales figures for TPS/BGS Providers in Energy Year 2019 (“EY19”).

At the July 16, 2019 NJRPS Coordination Meeting, Staff reviewed the EY19 RPS Compliance Time Line and Retail Sales Adjustment Procedure. Beginning on August 15, 2019, TPS/BGS Providers were given the opportunity to adjust their EY19 retail sales figures contained in their GATS “My RPS Compliance Reports.” A two week period was provided to submit revisions to load served to arrive at retail sales along with supporting documentation with a deadline at close of business Friday, August 30, 2019. OCE has confirmed receipt of adjusted retail sales data from 51 out of 96 TPS.

The OCE has compiled EY19 retail sales figures based upon the GATS data and retail sales adjustment requests. TPSs served **34,056,886** MWhs of retail sales during the EY19 compliance period. The retail sales amount for BGS providers was **40,571,479** MWhs as reported by the EDCs. Therefore, total retail sales subject to the NJ RPS for EY19 is **74,628,365** MWhs.

The Clean Energy Act of 2018 (“The Act”) required amendment of the RPS rules at N.J.A.C. 14:8-2.3 by changing the process used to calculate the RPS solar obligation depending upon whether the regulated entity is a BGS Provider with supply exempt from the increased solar requirements or a TPS with no exemptions.

Total Statewide Solar, Class I and Class II Obligations for EY19:

**Table A
What Percentage of Energy Supplied Must be Solar, Class I
or Class II Renewable**

| <u>Energy Year</u> | <u>Solar</u> | <u>Class I</u> | <u>Class II</u> | <u>Total</u> |
|------------------------------------|---------------------|-----------------------|------------------------|---------------------|
| June 1, 2018 - May 31, 2019 | 4.30% | 14.175% | 2.50% | 20.975% |
| June 1, 2018 - May 31, 2019 | 3.29%* | 14.175%* | 2.50%* | 19.965%* |

(*BGS Providers with existing contracts)

Individual TPS calculate their obligation based solely upon the percentage requirement from Table A (Above), i.e., 4.30% multiplied by their retail sales during EY19.

Total EY 19 Solar Requirement for TPS: $34,056,886 \times 4.30\% = \underline{1,464,446 \text{ SRECs}}$

The Act provides exemption to existing BGS supply contracts (“exempt electricity”) from the increase in the solar RPS during EY19, 20, and 21. Exempt electricity is subject to the solar percentage requirements in effect prior to enactment; i.e., 3.29% for EY19. BGS providers with pre-existing supply contracts calculate their solar RPS obligation by multiplying their exempt retail sales by the 3.29% requirement, as indicated in Table A with an asterisk.

Total EY 19 Solar Requirement for BGS: $40,571,479 \times 3.29\% = \underline{1,334,802 \text{ SRECs}}$

TPS are required to retire SRECs or make SACP payments in the aggregated, equivalent amount of **1,464,446 MWhs** (4.30% of total retail electricity sales) and BGS providers are required to retire SRECs or make SACP payments in the aggregated, equivalent amount of **1,334,802 MWhs** (3.29% of total retail electricity sales). TPS/BGS Providers will retire Class I RECs or make ACP payments in the aggregated, equivalent amount of **10,578,571 MWhs** (14.175% of total retail electricity sales), and retire Class II RECs or make ACP payments in the aggregated, equivalent amount of **1,865,709 MWhs** (2.50% of total retail electricity sales).

Class I and Class II RPS reports are due by October 1, 2019 and the Solar RPS reports are due by December 1, 2019.

EY 2019 Banked Avoided Increase in the Solar Requirement (BGS Providers Only)

To implement the Act, the Board issued an Order and approved a Rule Amendment with a new calculation of the solar RPS requirements for entities with retail sales of “non-exempt electricity” during EY19, 20, 21, 22, and 23. The amount of avoided increase from the exemption for previously contracted BGS supply is banked in each energy year and allocated among the non-exempt electricity supplied over the next two energy years based upon a BGS provider’s share of the non-exempt market.

EY19 banked avoided Solar increase is calculated by:

Total BGS retail sales times the increased EY 19 Solar requirement as listed in Table A of 4.30% minus the EY 19 exempt Solar BGS requirement:

$40,571,479 \times 4.30\% \text{ minus } 40,571,479 \times 3.29\% = \underline{409,772 \text{ SRECs}}$

The **409,772 SRECs** will be allocated among the BGS non-exempt electricity supplied over the next two energy years (**204,886 in EY 20 and 204,886 in EY21**) based upon a BGS provider’s share of the non-exempt market.

If you have any questions or comments, feel free to contact Ronald Jackson at 1-609-633-9868 or ronald.jackson@bpu.nj.gov.