

## NJRPS EY15 Solar Compliance Instructions & Preliminary Retail Sales Figures

From: NJBPU OCE Staff via NJCleanenergy.com & PJM-EIS GATS

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

September 3, 2015

The Office of Clean Energy (“OCE”) in the New Jersey Board of Public Utilities (“Staff”) 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 Solar Energy Advancement and Fair Competition Act in 2010 changed the RPS solar requirements starting in Energy Year 2011 (“EY11”) from a percentage-based obligation to a market share of aggregate retail gigawatt hours sold. The change to a market share-based RPS obligation required Staff to develop an iterative process to communicate solar compliance instructions with regulated entities and to calculate final market-wide retail electricity sales for an EY.

The Solar Act of 2012 (“Solar Act”) amended the RPS by changing the compliance obligation back from a market share basis to a percentage of retail sales with exemptions for certain BGS provided electricity. The Board approved a methodology to implement the Solar Act, exempt BGS electricity provided pursuant to contracts entered prior to enactment of the law on July 23, 2012 and allocate the increased obligation to non-exempt BGS electricity provided (IMO Implementation of the Solar Act L. 2012, C. 24, N.J.S.A. 48:3-87 (D)(3)(C), May 21, 2014). The following document provides compliance instructions for the solar portion of the RPS and **preliminary** retail electric sales figures for BGS providers and TPSs in EY 15.

From data submitted to Staff by the state’s four Electric Distribution Companies (“EDCs”), the total preliminary NJ retail sales for EY 15 was 76,163,181 MWhs. The EDCs report 20 unique BGS providers served retail electric end users with 38,747,416 MWhs under contracts entered from the 2012 to 2014 BGS auctions. The EDCs also reported unreconciled retail sales data for TPS in their respective territories. EDCs reported 37,415,766 MWhs from TPS. If no requests are received by Staff to reconcile retail electricity sold in EY15, suppliers and providers will be required to retire SRECs or make SACP payments in the aggregated, equivalent amount of **1,865,998 MWhs** (2.45% of total retail electricity sales).

BGS providers having supply contracts which were effective prior to July 23, 2012 have a solar obligation equal to the number of SRECs mandated by the solar RPS requirements that were in effect on the date that these providers executed their existing supply contracts. The EDCs reported reconciled retail sales data for the BGS providers with exempt retail sales, i.e. entered under contracts from the 2012 BGS auctions of 12,640,330 MWhs. The EDCs also reported non-exempt retail sales of 26,107,086 MWhs under contract from the 2013 and 2014 BGS auctions.

For **exempt** electricity supplied, a **BGS provider** shall calculate its solar obligation as follows:

The solar electric generation requirement converted from GWhs to MWhs, in effect when the 2012 BGS contracts were executed is 965,000 MWhs. The preliminary number of MWhs of electricity supplied Statewide during the EY by all supplier/providers was 76,163,181 MWhs. BGS providers will divide the MWhs of exempt electricity supplied during the EY from contracts which were in effect prior to the July 23, 2012 by the final, reconciled market-wide retail sales figure, to be circulated by Staff as described below, and then multiply the result by 965,000 MWhs to get their exempt solar obligation.

For **non-exempt** electricity supplied by a **BGS provider**, such provider shall calculate its solar obligation in the following two step process:

1. Multiply the individual provider's total non-exempt retail electricity sales during the energy year in MWh by the 2.45% EY 15 solar requirement to arrive at **(a)**, and
2. Determine the market share-based allocation of the increased obligation avoided by exempted electricity, by consulting Staff's final solar compliance instructions and reconciled retail sales figures to determine the additional obligation amount which must be allotted from the exempted providers to the non-exempt providers (to be calculated by Staff as follows; using **preliminary** data as an example, **for illustration purposes only**):

Total retail electricity sales of exempt providers Statewide = **12,640,330 MWhs**  
Total retail electricity sales of non-exempt providers Statewide = **26,107,086 MWhs**  
Total retail electricity sales of all providers and suppliers Statewide = **76,163,181 MWhs**  
The market share of exempt providers Statewide is **16.6%**  
The total solar obligation of exempt providers Statewide during the energy year is **160,155 MWhs (16.6% times 965,000 MWhs)**.

Multiply the applicable 2.45% solar requirement for EY 15 by 12,640,330 MWhs and subtract 160,155 MWhs to get the increased provider solar obligation of **149,533 MWhs**. To calculate the percentage share of total non-exempt electricity sold; divide your individual non-exempt electricity sales by 26,107,086 MWhs and then multiply by 149,533 MWhs to arrive at **(b)**.

Finally, add (a) and (b) to arrive at an individual non-exempt provider's obligation.

**TPS with retail sales in EY15** shall calculate their solar obligation by multiplying total retail sales by the applicable percentage requirement in N.J.S.A. 48:87(d)(3) , i.e., **2.45%**.

TPS have until the close of business ("COB") Friday, September 18th to review their "My RPS Compliance report" on the PJM-EIS GATS system for accuracy with their EY15 retail sales amount and reconcile the number with Staff, if required. If the amount in the "My RPS Compliance report" is inaccurate, you **must** report your final retail sales amount to OCE along with a **written explanation** for the difference. You must also enter your final retail sales number on the GATS "My RPS Compliance report" in the column entitled "RPS Load". Please submit reconciliation requests with explanation to [OCE@bpu.state.nj.us](mailto:OCE@bpu.state.nj.us) by COB September 18, 2015.

By COB Wednesday September 30th, Staff will issue a notice of the **final** retail sales amounts via the NJCleanEnergy.com website and PJM-EIS GATS system. These final retail sales figures and compliance instructions are to be used to calculate **final** solar obligations for individual TPS and BGS compliance reports. Any questions or comments feel free to use the [OCE@bpu.state.nj.us](mailto:OCE@bpu.state.nj.us) email or contact Ronald Jackson at 1-609-633-9868 or [ronald.jackson@bpu.state.nj.us](mailto:ronald.jackson@bpu.state.nj.us).