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5-11-13
CMS
DAG
RPA
ENERGY

December 4, 2013

In the Matter of the Petition of the Four Electric Distribution Companies for
Approval of the Results of the Review Process to Evaluate the Manner
For Selecting a Solar Renewable Energy Certificate
Auction Manager

BPU Docket No. ED13121180

VIA ELECTRONIC & REGULAR MAIL

Kristi Izzo
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

CMS
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RPA
ENERGY(3)

Dear Secretary Izzo:

Kindly accept for filing in letter form an original and ten copies of a petition (the "Petition") on behalf of Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L"), Public Service Electric and Gas Company ("PSE&G"), and Rockland Electric Company ("RECO") (collectively, the "Electric Distribution Companies" or "EDCs") requesting that the New Jersey Board of Public Utilities' ("Board" or "BPU"), for the reasons discussed below, issue an Order approving NERA Economic Consulting ("NERA") as the joint

EDC Solar Renewable Energy Certificate (“SREC”) Auction Manager for a two-year period beginning February 2014 or until a subsequent auction administrator is approved by the Board.¹

To help meet New Jersey’s solar electric generation goals, the EDCs have initiated, and the Board has approved, various solar programs and the use of auctions to sell the SRECs generated and/or owned by the EDCs pursuant to their solar programs. The EDCs’ request for Board approval to continue using NERA’s services as SREC Auction Manager is made in compliance with the BPU’s 2008 Order requiring the Board to review the manner for selecting the SREC Auction Manager. Decision, I/M/O the Petition of Public Service Electric and Gas Company, BPU Docket No. EO07040278 (November 7, 2008) (the “2008 SREC Order”) at p. 6. In the 2008 SREC Order, the Board noted that it would review the process by which the EDCs chose an SREC Auction Manager in the future if the BPU approved the inclusion of additional EDCs in the PSE&G SREC Auction. Id.²

In compliance with the 2008 SREC Order, and as a result of ongoing consultation with Board Staff and the Division of Rate Counsel (“Rate Counsel”) between 2011 and 2013, the EDCs issued a Request for Proposals (“RFP”) on June 1, 2013 to retain the services of an Auction Manager to implement a fair and transparent competitive process that will maximize participation in the SREC auction process and deliver competitive SREC prices for the benefit of New Jersey ratepayers. The RFP incorporated Board Staff’s and Rate Counsel’s revisions, which

¹ The EDCs do not seek herein to modify any of the terms or conditions, directions or findings of any of the Board Orders reviewing or approving ACE, JCP&L, PSE&G or RECO solar programs.

² I/M/O the Verified Petition of Rockland Electric Company Concerning A Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1, BPU Docket No. EO09020097 (July 31, 2009); I/M/O the Verified Petition of Jersey Central Power & Light Company Concerning A Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1, BPU Docket No. EO08090840 (Orders dated March 27, 2009 and September 16, 2009); and In re the Petition of Atlantic City Electric Company Concerning a Proposal for a Solar Renewable Energy (SREC)-Based Financing Program Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO08100875 (Orders dated March 27, 2009 and September 16, 2009).

they provided in the course of their review of the EDCs' proposed SREC Auction Manager procurement process.

The RFP specified that the Auction Manager will be required to promote the SREC Auctions to bidders, qualify bidders, conduct the SREC Auctions, and assist the EDCs in the contract execution process, as described in the appended Attachment A. The Auction Manager will be required to conduct four to 12 SREC auctions per year as requested by the EDCs for an initial period of up to two years. The EDCs advertised the RFP in trade publications and also contacted 13 potential bidders regarding the RFP. A mandatory pre-bid meeting was held on June 19, 2013, with seven potential bidders in attendance. Four bids were submitted on August 1, 2013 and subsequently reviewed by the EDCs.

Based upon the results of the RFP process, the EDCs propose to retain NERA as its SREC Auction Manager for an initial two-year term beginning February 1, 2014 and extending until a subsequent auction administrator is approved by the Board. The details of the bid results are contained in the confidential version of the Bid Summary Sheet, which will be provided to Board Staff and the Division of Rate Counsel immediately upon their execution of the attached Confidentiality Agreement. A redacted version of the Bid Summary sheet is enclosed as Attachment B³. The four bids were evaluated based on a weighted average calculation incorporating: (i) proposed pricing to develop and administer the services described in the RFP's Scope of Services and Letter of Instruction, *see* Attachment A; (ii) technical approach, including such factors as experience in ascending clock auctions, absence of conflicts of interest, transferability of the auction website to the EDCs at termination of the contract, and

³ The EDCs' RFP specifically provided that contractors' bids would be treated as commercially-sensitive confidential information.

experience with New Jersey SREC auctions and other Renewable Energy Certificate auctions, and (iii) commercial factors, including evaluation of the bidding company's financial condition and level of exceptions or deviations to commercial terms and conditions. NERA scored highest among the four bids based on these criteria. The EDCs are in the process of finalizing the SREC Auction Manager Agreement with NERA. Upon Board approval of the request made herein, each of the State's EDCs will execute the agreement memorializing the Board's approval of NERA's role as Auction Manager and the SREC Auction Manager Agreement with NERA.

WHEREFORE, the EDCs respectfully request that the Board issue an Order approving NERA as the joint EDC SREC Auction Manager for a two-year term to begin February 1, 2014 as a result of the EDC competitive procurement process discussed above and extending until a subsequent auction administrator is approved by the Board.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Mally Becker".

C Service List (via electronic delivery)

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