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CASE MANAGEMENT

FEB 05 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ



Rockland Electric Company

Margaret Comes  
Associate Counsel  
Law Department

**VIA OVERNIGHT**

February 4, 2019

Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue  
3rd Floor, Suite 314  
P.O. Box 350  
Trenton, NJ 08625-0350

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MAIL ROOM

FEB 05 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

RE: In the Matter of the Verified Petition of Rockland Electric Company Concerning the Setting of the Administrative Fee and the Regional Greenhouse Gas Initiative Recovery Charge ("Rider RGGI") for 2019 Associated with Its Solar Renewable Energy Certificate (SREC II) Program  
BPU Docket No. ER 19020156

Dear Secretary Camacho-Welch:

Enclosed for filing on behalf of Rockland Electric Company ("RECO" or "the Company") are an original and ten copies of the Verified Petition and Appendices A through C in the above matter ("Filing").

Specifically, enclosed with this filing are the following:

- This Cover Letter;
- Verified Petition;
- Appendix A – SREC II Administrative Monthly (Over)/Under- Recovered Balances;
- Appendix B – Forecasted Program Year Revenue Requirement and Actual SREC II (Over)/Under-Recovered Balances; and,
- Appendix C – Clean and Marked Tariff Leaves.

Cms  
Legal  
DAR  
RPA

S. Peterson  
TUC

Purpose of Filing

This filing is made in compliance with the Board's "Order Approving Stipulation" in Docket No. EO13020118 ("SREC II Order") dated December 18, 2013. In the SREC II Order, the Board directed that, "there will be a true-up of Administrative Costs (including interest, if applicable) and Program Participant Fees, and Program Participant Fees will be adjusted accordingly on a prospective basis." The Board also required that, "Beginning January 1, 2019, RECO will implement annual Program Participant Fee adjustments that will reflect any prior-year under-recovery/over-recovery as well as a projection of Administrative Costs over the next annual period."

The Company now makes its Filing in accordance with the above SREC II Order. In the Filing, the Company proposes that its Program Participant Fee remain unchanged.<sup>1</sup>

Respectfully submitted,

  
Margaret Comes

Enclosures  
c: email service list

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<sup>1</sup> Please note that the verification page is a copy of the original. The original will be sent via over-night to the NJBPU.

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CASE MANAGEMENT

FEB 05 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

BOARD OF PUBLIC UTILITIES

FEB 05 2019

MAIL RECEIVED

IN THE MATTER OF THE VERIFIED  
PETITION OF ROCKLAND ELECTRIC  
COMPANY FOR THE TRUE-UP AND  
ADJUSTMENT OF ADMINISTRATIVE  
COSTS AND PROGRAM PARTICIPANT  
FEES AND SETTING THE REGIONAL  
GREENHOUSE GAS INITIATIVE  
RECOVERY CHARGE ("RIDER RGGI")  
FOR 2019 ASSOCIATED WITH ITS  
RENEWABLE ENERGY CERTIFICATE  
(SREC II) PROGRAM

BPU DOCKET NO. \_\_\_\_\_

### VERIFIED PETITION

Rockland Electric Company ("RECO", the "Company", or "Petitioner"), a corporation of the State of New Jersey, which has an office at One Lethbridge Plaza, Suite 32 – Second Floor, Route 17 North, Mahwah, New Jersey 07430, respectfully petitions the New Jersey Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:2-21 as follows:

### INTRODUCTION AND OVERVIEW

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service, for residential, commercial and industrial purposes within the State of New Jersey. RECO is a wholly-owned subsidiary of Orange and Rockland Utilities, Inc. ("Orange and Rockland"), and an affiliate of Consolidated Edison Company of New York, Inc. ("Con Edison"). RECO provides electric distribution service to approximately 73,000 customers in an area which extends from eastern Bergen County at the Hudson River to western Passaic County and small communities in Sussex County, New Jersey.

2. The rates and charges for electric service furnished by Petitioner and the conditions upon which the same are furnished are set forth in Petitioner's tariff designated B.P.U. No. 3 - Electricity.

3. Petitioner is subject to regulation by the New Jersey Board of Public Utilities ("Board") for the purposes of setting its retail distribution rates and to assure safe, adequate and reliable electric distribution service pursuant to N.J.S.A. 48:2-13, *et seq.*

4. RECO is filing this Petition seeking Board approval of (i) the true-up of the Administrative Costs incurred and Program Participant Fees collected from July 2014 to December 2018 pursuant to the Solar Renewable Energy Certificates ("SRECs") II Program, and (ii) RECO's proposal regarding the adjustment of the SREC II Program's Administrative Costs and Program Participant Fees effective January 1, 2019.

#### **BACKGROUND**

5. By Order Approving Stipulation,<sup>1</sup> the Board approved a Stipulation of Settlement, which set forth how RECO would participate in an SREC-based financing plan with Jersey Central Power & Light Company ("JCP&L") and Atlantic Electric Company ("ACE"). Pursuant to this Board-approved Stipulation, RECO agreed to implement an SREC II Program whereby it would enter into SREC Purchase and Sale Agreements ("SREC-PSAs"), with solar project owners or developers ("Program Participants") selected through a competitive process. Specifically, RECO agreed to enter into SREC-PSAs with selected Program Participants for up

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<sup>1</sup> *In the Matter of the Verified Petition of Rockland Electric Company for Approval to Implement an Extended Solar Renewable Energy Certificate-Based Financing Program Pursuant to N.J.S.A. 48:3-98.1 (SREC II Program)*, Docket No. EO13020118 Order Approving Stipulation (dated December 18, 2013) ("RECO SREC II Order")

to 4.5 MW of installed solar capacity in RECO's service territory, allocated among three program segments and solicited over a three-year period.

6. Pursuant to the SREC II Order, RECO solicits solar capacity from the following three program segments:

- Segment 1 – Net-metered residential and small commercial solar photovoltaic projects less than or equal to 50 kW [Total segment size 1.0 MW];
- Segment 2 – Net-metered commercial solar photovoltaic projects equal to 50 kW or greater [Total segment size 2.0 MW]; and
- Segment 3 – Grid-supply solar photovoltaic projects conditionally certified or fully certified by the Board as located on closed landfills, brownfields, or areas of historic fill [Total segment size 1.5 MW].

7. Pursuant to the SREC II Order, RECO's SREC II Program solicitations are held jointly and in conjunction with the solicitation scheduled for JCP&L and ACE.

8. Pursuant to the SREC II Order, RECO charges the direct costs of purchasing SRECs from Program Participants ("Direct Costs"), under SREC-PSAs, to the Regional Greenhouse Gas Initiative ("RGGI") Surcharge. RECO credits the gross proceeds from the auction and sale of all such SRECs ("SREC Sales Revenue") to the RGGI Surcharge. However, because, as noted below, RECO has not purchased any SRECs from Program Participants pursuant to SREC-PSAs, RECO has not incurred any Direct Costs or collected any SREC Sales Revenue.

9. Pursuant to the SREC II Order, RECO's administrative costs were to include all costs other than Direct Costs, including but not limited to internal labor costs, auction-related

costs, interest on the delay in initially selling SRECs, and SREC transaction fees (collectively, “Administrative Costs”).

10. In addition, pursuant to the SREC II Order, RECO assesses Application Fees, Assignment Fees and Solar Development Fees (collectively, “Program Participant Fees”) to Program Participants as follows:

- RECO charges a non-refundable “Application Fee” of \$150 for each application to participate in a SREC II Program solicitation;
- RECO charges an “Assignment Fee” of \$1,000 for each SREC-PSA assignment; and
- RECO charges a “Solar Development Fee” of \$30 for each SREC purchased.

The revenues RECO collects from each of these Program Participant Fees, pursuant to the SREC II Order, is credited to the RGGI Surcharge.

11. The RECO SREC II Order (p. 10) also provides that after five years (*i.e.*, in December 2018), “there will be a true-up of Administrative Costs (including interest, if applicable) and Program Participant Fees, and Program Participant Fees will be adjusted accordingly on a prospective basis. Beginning January 1, 2019, RECO will implement annual Program Participant Fee adjustments that will reflect any prior-year under-recovery/over-recovery as well as a projection of Administrative Costs over the next annual period.” Therefore, beginning January 1, 2019, pursuant to the SREC II Order, RECO is to implement annual Program Participant Fee adjustments that will reflect any prior-year under-recovery/over-recovery and project Administrative Costs over the next annual period.

**TRUE-UP OF ADMINISTRATIVE COSTS AND  
PROGRAM PARTICIPANT FEES**

12. In 2015, RECO, along with JCP&L and ACE (collectively, the “EDCs”) retained Navigant Consulting (“Navigant”) to assist the EDCs with the development, solicitation, evaluation and implementation of the SREC II Program. Over a three-year period, Navigant conducted nine solicitation auctions, the most recent and final of which was approved by the Board at its August 29, 2018 agenda meeting. All payments to Navigant for professional services were allocated proportionately across the EDCs. The ninth and final solicitation in July 2018 concluded the EDCs’ retention of Navigant.

13. From the inception of the SREC II Program to the end of 2018, RECO collected \$450 in Program Participant Fees, comprised of three Application Fees. Correspondingly, over the same period, RECO incurred recoverable Administrative Costs of \$39,353 comprised primarily of payments to Navigant for professional services, leaving an unrecovered projected balance of \$38,903 as of the end of 2018, plus interest. In addition, the Company projects Administrative Costs of approximately \$20,000 for calendar year 2019. To date, the Company has deferred both the Program Participant Fees it collected and the Administrative Costs it incurred. RECO projects 1,038 SRECs for calendar year 2019. Therefore, as shown in Appendix A, Page 3, using the 2018 unrecovered balance of \$38,903 and the projected 2019 administrative costs of \$20,000, plus interest, to develop the 2019 Program Participant Fee as outlined in the December 2013 Order, results in a projected 2019 fee of \$57.28 per SREC.

**PROPOSAL FOR MODIFICATION OF  
COST RECOVERY MECAHNISM**

14. The RECO SREC II Order (p. 10) provides that “the purpose of the Program Participant Fees is to allow RECO to recover all of its administrative costs for the SREC II Program from Program Participants.” As noted in Paragraph 13 of this Petition and shown in

Appendix A, RECO has an unrecovered Administrative Costs balance as of December 2018 of \$38,903 and projected Administrative Costs for calendar year 2019 of \$20,000, plus interest. As discussed in Paragraph 16 below, the Company is proposing no change to the current Program Participant Fees.

15. As shown in Appendix B, there have been no SREC Program II Direct Costs through the end of 2018. The Company is currently projecting an over-recovered balance of \$158,939 through the end of calendar year 2019. The projected calendar year 2019 Direct Costs are a preliminary estimate at this point. Accordingly, the Company proposes to set the SREC II Program Component of the RGGI Surcharge at \$0.0000 per kWh and defer the actual balance for consideration in the next annual SREC II reconciliation filing. Appendix C provides the proposed tariff pages, in clean and red-lined versions, consistent with the proposals contained herein.

#### **PROSPECTIVE ADJUSTMENT OF PROGRAM PARTICIPANT FEES**

16. As noted above, to date, RECO has collected three Application Fees for a total of \$450. Although one solar project is currently under construction, there are no fully operational projects generating SRECs in RECO's service territory. The Company has not collected any Solar Development Fees, because it has not purchased any SRECs yet under the SREC II Program. It has assessed no Assignment Fees because no SREC-PSAs have been assigned.

17. Given the lack of SREC II Program related activity in RECO's service territory, the Company has no frame of reference for determining whether, and if so how, its Program Participant Fees should be adjusted for 2019. Accordingly, the Company proposes to make no changes to the Program Participant Fees set forth in Paragraph 10 above. Based upon its



experience in 2019 the Company will file a follow-up petition with the Board by November 2019 and propose whether its Program Participant Fees should be adjusted for 2020.

### **PROJECTION OF ADMINISTRATIVE FEES**

18. For 2019, the SREC II manager will be NERA Economic Consulting (“NERA”). There will be no increase in NERA’s billing rates for 2019. NERA conducts two SREC auctions annually in March and October, and RECO’s allocated share of NERA’s fees will be \$4,000 for each auction. Therefore, the estimated NERA fees for 2019 are \$8,000. In addition, RECO will incur a \$1,000 subscription fee to use PJM’s Generation Attribute Tracking System (“GATS”) in 2019.

### **COMMUNICATIONS**

19. Communications and correspondence related to this Petition should be sent as follows:

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**CONCLUSION AND REQUESTS FOR APPROVAL**

For all the foregoing reasons, RECO respectfully requests that the Board retain jurisdiction of this matter and review and expeditiously issue a decision and order as follows:

1. Authorizing RECO to recover all Administrative Costs identified herein associated with the SREC II Program incurred through December 31, 2018, as such costs are reflected in this Petition and accompanying materials, along with anticipated updates of data;
2. Authorizing RECO to maintain its current Program Participant Fees for 2019 and shall file a petition with the Board by November 2019 addressing whether it should adjust its current Program Participant Fees for 2020; and
3. Granting such other or further relief as may be necessary to implement the purposes stated herein.

Respectfully submitted,

ROCKLAND ELECTRIC COMPANY

By 

Margaret Comes, Esq.  
Associate Counsel  
Consolidated Edison Company Of New  
York, Inc.  
Law Department, Room 26-619+  
4 Irving Place  
New York, NY 10003

Attorney for Rockland Electric Company

Dated: February 4, 2019

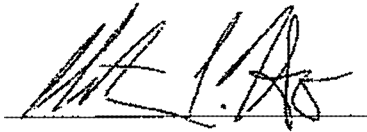
VERIFICATION

STATE OF NEW YORK )  
 : ss  
COUNTY OF ROCKLAND )

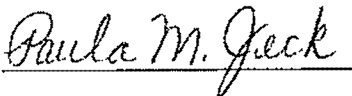
Christina C. Ho, of full age, being duly sworn according to law, on his oath deposes and says

1. I am the Vice President – Customer Service of Rockland Electric Company, the petitioner in the foregoing Petition.

2. I have read the annexed petition, and the matters and things contained therein are true to the best of my knowledge and belief.



Sworn to and subscribed to before me this 24 day of February, 2019.



PAULA M. JECK  
Notary Public, State of New York  
No. 01JEG366925  
Qualified in Westchester County  
My Commission Expires November 6, 2021