



New Jersey Solar Interconnection Forum
August 12, 2010

Question: *What is the process for selling generated solar power to the grid?*

If the developer wants to sell into the PJM Market, the process will require the developer to contact PJM (<http://www.pjm.com>) and fill out the appropriate application to enter into the PJM Generation Queue process. This process will initiate the PJM directed studies which will ultimately be used to create either the three-party or two-party Interconnection Agreements.

If the developer opts to participate in the Net Energy Metering (NEM) program, the developer will fill out the appropriate NEM application which can be found on the ACE (www.atlanticcityelectric.com) internet site. The purpose of the NEM program is to primarily offset internal load with generation and not export into the grid. Your interconnection application request will be evaluated to make sure you have the appropriate sized generation as compared to the internal load at the customer site.

Question: *What is the net metering process for the installation of Solar Renewable Systems on leased buildings?*

As the interconnecting utility, our role is to process the solar application. ACE does not have a role in agreements a solar vendor may have that is behind the meter. However, some solar vendors have leased roof space in order to install solar systems (through the Green Power Connection process) and contract with the building owners to net out the load of individual metered accounts with individual solar systems.

Below is an excerpt that can be found at this link:

www.state.nj.us/dca/hmfa/gho/resources/pdf/20090220_re003.pdf.

POWER PURCHASE AGREEMENTS

In a Power Purchase Agreement (PPA), the building owner allows the solar photovoltaic (PV) owner to install a system on the roof in exchange for reduced energy bills. At the end of the term, the owner has the option to buy the system at a pre-negotiated price. The building owner is not responsible for maintaining the system and details are worked out concerning roof warranties and damages, etc.

The solar PV owner receives the direct benefits of Solar Renewable Energy Credit sales, Energy Tax Credits, accelerated depreciation, rebates and utility

bill credits. The entity that owns the solar PV system is someone who has the means to take advantage of Energy Tax Credits. For reasons similar to syndicators, power purchase companies have mostly funded larger solar PV systems in the past, because the time and funds needed to set up the ownership structure needs to adequately balance expected tax credits and minimum return on investment for the backers. The building owner receives the benefits of reduced utility bills through the solar PV system owner; who acts as a utility company. The building owner is responsible for the full cost of energy pulled from the regulated utility company (Public Service Electric and Gas Company, Jersey Central Power & Light Company, Atlantic City Electric Company, etc.) and is also responsible, at a negotiated cost, for the solar energy used from the solar utility. The negotiated solar utility rate is typically set as either a fixed increase from the current rate for the term or at a fixed percentage below each year's regulated utility rate.

Question: *If there is a 3 MW maximum standard on a distribution circuit, then shouldn't interconnection applications >3 MW requesting connection to a distribution circuit be removed from the queue?*

Applications for interconnection of solar PV facilities larger than 3 MW to the distribution system require interconnection to an express feeder, which is constructed at the applicant's expense. Therefore, facilities larger than 3 MW do not use any capacity of distribution circuits. However substation power transformers are limited to an aggregate interconnection of 10 MW of solar PV facilities. A given power transformer may supply a mix of distribution circuits and express feeders. In this scenario, a solar PV facility larger than 3 MW may impact the interconnection of smaller facilities.

Question: *If we have received an estimate for facility upgrades on a 20 MW project, how can we be sure we are reimbursed if other developers use any of this equipment for future projects?*

The generator developer is responsible for the Direct Connection Facilities and Network Upgrades that are identified in their Construction Service Agreement. There are rules for cost allocation in the PJM Manual 14A that describes the method PJM will follow to determine if previous upgrades are eligible for partial reimbursement. There are certain factors based on project cost thresholds, the generation queue of the identified upgrade, or the time expiration date that will need to be addressed in order to determine cost reimbursement. The exact reimbursement method will vary depending on the interconnection configuration and which voltage level is utilized.

Question: *Can a qualifying generator, interconnected to ACE, receive energy payments under the SPP Tariff?*

Yes, it is possible, if the facility is:

- Under 1,000 kW; and
- A qualified facility (QF) as defined in Section 210 of the Public Utility Regulatory Policies Act (PURPA) of 1978; and
- Receives service under regular Company Rate Schedules RS, RS TOU-D, RS TOU-E, MGS, AGS, or TS.

However, the recommendation is that generators apply to PJM instead of ACE.

Attached is the link to the ACE SPP tariff found on sheets 42 & 43

http://www.atlanticcityelectric.com/_res/documents/NJTariffSectionIV.pdf.

Question: *Is it correct that projects over 250 kW need a study performed by PJM?*

All applications for interconnection to the distribution system, greater than or equal to 250 kW, are screened to determine if a detailed study is required. If it is determined that a detailed study is required, ACE oversees the performance of the detailed study. PJM is only involved in projects requesting direct interconnection through the PJM interconnection process.

Question: *What are the municipal tax rules on solar generator installations?*

ACE does not have information on New Jersey tax laws pertaining to renewable generation installations. For additional information, contact the State of New Jersey Department of Taxation or review the power presentation provided on the Department's website:

www.state.nj.us/treasury/taxation/pdf/lpt/exemptdeduct.pdf.

Question: *Do regulations permit a generator (renewable) to service load across a public street?*

Due to the domain each public utility has on public roads and service territories, only the public utilities have the right to cross a public right-of-way serviced by the local utility.

ACE has franchise rights within all the municipalities of our service territory; and, as such, are the sole electric utility that can distribute electric energy along all public right-of-ways.

Question: *Please define the acronyms used throughout the power point presentation*

See below for an explanation of the acronyms used throughout the presentation.
(This information has also been added to the presentation.)

ACE – Atlantic City Electric Company

BPU – New Jersey Board of Public Utilities

EDC – Electric Distribution Company

JCP&L – Jersey Central Power & Light Company

ITC – Business Energy Investment Tax Credit

kWh – Kilowatt Hour

MW – Megawatt

NEM – Net Energy Metering

N.J.A.C. – New Jersey Administrative Code

OCE – New Jersey Office of Clean Energy

PJM – PJM Interconnection

PSA – Purchase and Sale Agreement

PV – Photovoltaic

RECO – Rockland Electric Company

RFP – Request for Proposals

RPS – Renewable Portfolio Standards

SRECs – Solar Renewable Energy Credits

TO – Transmission Operator

Question: *We have a recently installed system, who should I contact to change the calendar year of my billing?*

Your anniversary month is the month you were approved for interconnection and your net energy meter (NEM) was installed. However, to accommodate individual customer needs, we do allow a one-time modification of this date.

If you would like to change your anniversary date, please contact the Green Power Connection Team at 866-634-5571.

Question: *What are ACE's plans with regard to smart metering and integration to the PV marketplace?*

The ACE Blueprint for the Future ultimately envisions the deployment of smart meters to ACE customers. No plans specific to the PV marketplace have been developed.

Question: *Any high-voltage direct current (HVDC) transmission projects planned? Solar farms (e.g., >2MW) are not efficient. What is ACE's position? Net meter priorities?*

There are no active HVDC transmission projects in the ACE service territory that are in the PJM Regional Transmission Expansion Plans (RTEP) nor are there any Merchant Transmission projects in the PJM Queue process.

It is not our position to deny any entity seeking to connect and participate in the energy market within PJM. We will evaluate each proposed generation request as they are received and will determine eligibility based on the available capability of the system. We will not deny an application based on efficiency.

The issue of Net Energy Metering (NEM) priorities is still being discussed and will be factored into any future procedures developed to account for PJM queue developers and NEM developers simultaneously.

Question: *In the PJM Interconnection Process section of the presentation, there was mention of an interconnection customer's option to self-construct interconnection facilities. Can upgrades be self-constructed also?*

Developers do have an "option to build" any Direct Connection Facilities and Network Upgrades as long as the reinforcements are on the transmission system. However, the construction and design of any upgraded or new facilities will need to meet the ACE standards before the equipment will be energized and accepted by ACE.

Developers do not have an "option to build" on the distribution system. Any new or upgraded facilities will be performed by ACE.

Question: *Is it possible for solar developers to obtain information to assist with identifying acceptable locations for distributed PV projects?*

Presently, ACE's role as an electric distribution company is to evaluate and facilitate applications for interconnection to the distribution system as they are received. Possible methods for providing site guidance to local builders/ developers are being evaluated.

Question: *Would ACE be interested in purchasing SREC's directly?*

ACE currently purchases SRECs directly at a fixed price for a fixed number of years under the SREC financing program. NERA Economic Consulting is the solicitation manager for the program. NERA solicits competitive bids for potential projects. If a bid, consisting of a price per SREC and a designated number of years from 10 to 15, is approved, then a contract is signed with ACE for the purchase of SRECs generated from the project. For more information please visit the SREC financing program website at <http://www.njEDCsolar.com>. ACE does not have any other program in place at this time for the purchase of SRECs directly.

Question: *Could ACE provide updates to regulations via email?*

State regulations are subject to change. All currently effective BPU rules are available from the New Jersey Office of Administrative Law at <http://www.lexisnexis.com/njoal>. To see currently effective rules, log in and click on "Search New Jersey Administrative Code." The online Administrative Code is updated quarterly. Between updates, you should consult a legal professional to verify the effectiveness of any regulation. If you would like to view rule proposals and adoptions that the Board has approved but that are not yet available online or have not yet been published in the New Jersey Register, see the list of rules being developed or amended at <http://www.nj.gov/bpu/agenda/rules/>.