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VIA ELECTRONIC MAIL

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor
Suite 314
Trenton, New Jersey 08625
solar.transitions@bpu.nj.gov

Dear Secretary Camacho-Welch:

Jersey Central Power & Light Company ("JCP&L" or the "Company") is pleased to submit comments on the Board of Public Utilities (the "Board") Staff's December 26, 2018 New Jersey Solar Transition Staff Straw Proposal ("Straw Proposal") and request for comments regarding the Solar Renewable Energy Certificate ("SREC") Transition and SREC Successor Program. JCP&L thanks the Board for the opportunity to provide these comments and looks forward to working with Staff further to ensure successful implementation of any successor solar program. Please find below JCP&L's comments in response to Staff's request. These comments reflect JCP&L's concern for an orderly market transition and again emphasize the need for efforts to be taken to minimize the cost impact to ratepayers.

In the Straw Proposal, Staff sets forth a proposed methodology for defining attainment of the 5.1% threshold of kilowatt-hours from solar electric power generation sold in the State, including defining "Pipeline"[1] SRECs and their proposed treatment. The Company agrees that the approach appears reasonable. However, JCP&L wishes to point out that there are some projects in the Company's SREC II program that may fall into the category of "Pipeline" SRECs. As such, the Company has some concerns regarding the possible valuation of these SRECs going forward. As the Board knows, these SRECs are purchased from projects participating in the Company's SREC II program under 10-year, fixed-price contracts and then sold at auction at current market prices. If there is a detrimental effect on the market price of "Pipeline" SRECs as a result of their treatment under the Straw Proposal, the Company must continue to be assured of recovery of its costs. The primary benefit of the SREC II program for JCP&L and its customers is the certainty the program provides regarding SREC prices. Even with these changes required

[1] The Board Staff Straw Proposal defines Pipeline SRECs as follows: "SRECs created by projects that filed an SRP Registration but which have not entered into commercial operation prior to the attainment of the 5.1% transition point. Recognizing that those Pipeline SRECs will not be used for satisfaction of the RPS of the Legacy SRECs, in order to ensure that the current market does not become over-supplied."

under P.L. 2018, c.17, ("Clean Energy Act") JCP&L believes the SREC II program will continue to provide a benefit to the Company's customers and accordingly should continue receiving proper cost-recovery treatment. For further discussion of this topic, please refer to the Company's earlier comments that were submitted on November 2, 2018 and incorporated by reference.

The Clean Energy Act (C.48:3-87) mandates that the Board ensure that the cost to customers for compliance with the Class I renewable energy requirement not exceed nine percent of the total paid for electricity by all customers in the State for energy year 2019, energy year 2020, and energy year 2021, respectively, and shall not exceed seven percent of the total paid for electricity by all customers in the State in any energy year thereafter. The Company recommends that the costs used in calculating these figures also include the costs of net metering credits, which are socialized among all ratepayers. These too are costs paid by ratepayers for solar energy in New Jersey. JCP&L's November 2, 2018 comments discussed this issue in detail.

The Company agrees that any transition to a new replacement or successor solar program needs to proceed on an orderly basis and in a transparent fashion, with the input of industry experts, the public electric utilities and regional grid operators. Caution must be exercised so as not to severely impact the market by implementing drastic, large scale program changes. In addition, to the extent utility involvement is contemplated by any successor program, the Electric Distribution Companies ("EDC's") must be allowed full and timely recovery of the costs of these programs through a rider mechanism.

JCP&L has reviewed the thirteen questions and will provide some brief comments to only question seven, concerning the setting of caps on solar construction. Specifically, that question asks whether the Board should seek to set annual MW capacity caps for new solar construction or percentages of retail sales. The Company believes that the statutorily-required cost caps on the percentage of costs paid by customers for solar would effectively achieve any required restrictions on solar construction. Arbitrarily setting MW capacity caps or percentage of supply caps do not address the real concerns, which are the costs of solar and the availability of solar to all customers. For the former concern, the market is best suited to determine the amount of solar generation that can cost-effectively be installed.

Finally, JCP&L recommends the Board keep in mind the important role that utilities can play in the deployment of solar energy as it implements this transition. The EDCs in New Jersey are specially situated to understand the segments of their service territories that solar options are not reaching and to implement solutions that allow all their customers to enjoy the benefits of solar energy. This is especially true for low and moderate-income households who otherwise may not have the ability to access the solar market due to financial constraints. As such, in developing the transition program and in its efforts to reshape the SREC and solar generation markets, the Board should keep an eye toward allowing various opportunities for the EDCs to develop and implement programs that are designed to benefit all their customers – and not just the select few who can afford to enter the market on their own.

JCP&L again thanks the Board for the opportunity to provide comments on this important issue. If you have any questions or would like to further discuss any of JCP&L's above comments, please do not hesitate to contact me.

Very truly yours,

Thomas R. Donadio

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