

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. _____

**Petition of South Jersey Energy Company
Pursuant to Rules Puc 102.01 and Puc 2505.13
Regarding 2011 Compliance Requirements**

PRE-FILED TESTIMONY OF LOUIS DECICCO

I. Introduction

My name is Louis DeCicco. I am testifying on behalf of South Jersey Energy Company (SJE). I am General Manager of SJE.

SJE (www.sji-energy.com) acquires and markets natural gas and electricity for retail customers throughout New Jersey and the Northeast and also offers businesses energy-related services to reduce their energy costs. SJE is a subsidiary of South Jersey Industries (www.sjindustries.com).

My responsibilities as General Manager of SJE include: managing the strategic development of the unregulated retail gas sales and electric business segments; responsibility for day-to-day operations, including profit and loss; providing direction to SJE's energy supply and operational functions; developing daily and future trading strategy in conjunction with Risk Management Policy; and continually monitoring the marketing process to insure successful attainment of goals and objectives.

II. Purpose of Testimony

The purpose of my testimony is to provide factual support for SJE's accompanying Petition pursuant to Rules Puc 102.01 and Puc 2505.13 for an adjudicative proceeding to review certain contested issues arising from the Commission's Letter Order dated October 14, 2013 regarding SJE's 2011 RPS Compliance Requirements. In its Petition, SJE is asking the Commission to recognize the value of RECs that were acquired by SJE in 2010 expressly for the purpose of New Hampshire RPS compliance in 2010 and 2011. These RECs were inadvertently not banked in 2010, and therefore, were inadvertently retired, and have not been used for any purpose at any time. In my testimony, I will provide documentation on how and when the RECs

were acquired in 2010, and show that the RECs were inadvertently retried in 2010, and were unfortunately not banked for use in 2011 as was SJE's intention. I will also recalculate SJE's total ACP payment for 2011 to reflect the value of the RECs that were inadvertently retried in 2010, and were not banked for use in 2011.

III. Issue Before the Commission

The issue before the Commission in this proceeding is set out in the Commission letter to SJE dated July 9, 2013 (Exhibit A) as follows:

With these revisions, SJE requested that the Commission waive Puc 2503.04 (c) (1) to allow SJE to bank additional RECs for the 2010 Compliance Year and use those banked RECs for the 2011 Compliance Year.

The request to bank additional RECs was 16 months late and the amount of RECs requested to be banked and subsequently used cannot be verified by the New England Power Pool (NEPOOL) Generation Information System (GIS). Therefore, the Commission has denied the request to waive Puc 2503.04 (c) (1) in order to bank additional 2010 vintage RECs.

Accordingly, the PUC's July 9th decision appears to largely rest on its assertion that the amount of RECs belatedly requested by SJE to be banked in 2010, and subsequently used in 2011, cannot be verified by NEPOOL-GIS.¹

IV. SJE's Recalculation of the 2011 ACP Payment due the Commission.

A. The starting point for the analysis is Elizabeth Nixon's (PUC) email (October 16, 2012) to SJE re NH 2011 RPS Compliance Report, Exhibit B, which basis for the Commission's calculation of the additional amount of \$93,849 for the 2011 ACP payment:

Based on South Jersey's 2011 Renewable Portfolio Standard Compliance Report and NEPOOL GIS Renewable Energy Certificates Settled Accounts for NH for South Jersey, our review shows that South Jersey Energy owes an additional \$93,849 in compliance payments for 2011 as summarized in the following table:

¹ In its July 9th 2013 letter (Exhibit A) the Commission also denied SJE's request that the Commission allow it to revise the electricity sales data for 2010 compliance year. SJE is not asking the Commission to review this decision.

Exhibit B

	Class I	Class II	Class III	Class IV	Total
RECs Needed (MWh)	2465	99	8012	1233	
2011 RECs SJE Claims purchased (MWh)	2451	113	1863	1233	
RECs (2011 Vintage) Purchased (GIS) (MWh)	2033	94	0	828	
2010 Vintage RECs banked (MWh)	22	0	1014	50	
Total RECs (Banked +Purchased) (MWh)	2055	94	1014	878	
RPS Obligation to be met with ACP (MWh)	410	5	6998	355	
ACP (\$/MWh)	62.13	163.16	30.46	30.46	
2011 ACP Obligation	\$ 25,473	\$ 816	\$ 213,159	\$ 10,813	\$ 250,261
Amount Paid	\$ -	\$ -	\$ 156,412	\$ -	\$ 156,412
Amount Due	\$ 25,473	\$ 816	\$ 56,747	\$ 10,813	\$ 93,849

B. As shown on line 4 of the above table (Exhibit B), the following actual amounts of 2010 vintage RECs were actually banked by SJE for use in 2011:

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>	<u>Class IV</u>
22	0	1014	50

C. As shown on line 6 of the above table (Exhibit B), the following amounts of additional RECs were need for SJE to fully comply with its 2011 RRPS obligation:

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>	<u>Class IV</u>
410	5	6998	355

D. According to SJE’s NEPOOL GIS Report for 2010 – Settled and Reserved Dispositions , Exhibit D, the total available amount of RECs that could have been banked, but were retired, by SJE during the 2010 Compliance Year were:

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>	<u>Class IV</u>
[1685-1245]	[73-54]	[9294-6417]	[1589-1184]
440	19	2877	405

E. However, according to PUC 2503.04(e), no provider of electricity shall meet more than 30 percent of its certificate acquisition obligation for any individual class in any given

calendar year with banked certificates. Therefore, SJE would be entitled to use the following maximum amounts of RECs banked in 2010 for 2011 Compliance:

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>	<u>Class IV</u>
[2465 x 30%]	[99 x 30%]	[8012 x 30%]	[1233 x 30%]
740	30	2403	370

F. Therefore, the adjusted amount of banked 2010 RECs available for 2011 RPS Compliance.

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>	<u>Class IV</u>
440	19	2403	370

G. The adjusted amount of RECs for which SJE would be liable to pay the ACP for 2011 is as follows:

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>	<u>Class IV</u>
[410- 440+ 22]	[5 -19 +0]	[6998 -2403 = 1014]	[355 – 370 + 50]
0	0	5519	35

H. ACP amounts per REC for 2011:

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>	<u>Class IV</u>
\$62.13	\$163.16	\$30.46	\$30.46

I. SJE's revised total ACP payment for 2011 based upon additional RECs as subsection G.

<u>Class I</u>	<u>Class II</u>	<u>Class III</u>	<u>Class IV</u>	<u>Revised Total ACP for 2011</u>
[0 x 62.13]	[0x 163.16]	[5519 x 30.46]	[35 x 30.46]	
\$0	\$0	\$170,850.00	\$1066	\$171,916

J. The total ACP payment for 2011 calculated by the Commission on Exhibit B is \$250,261. SJE's revised ACP payment for 2011 as shown in subsection I. is \$171,916. This would

result in a reduction to SJE's revised ACP payment for 2011 in the amount of \$78,345 [\$250,261 - \$171,916].

IV. Conclusion.

Reduced to its essentials, the foregoing analysis indicates that if the Commission allows SJE to obtain credit for the retired 2010 recs that were not otherwise used for any RPS compliance for use in calculating SJE's 2011 RPS compliance requirements, SJE would be able to reduce the amount due to the Commission for the 2011 ACP obligation to \$171,916. Accordingly, SJE would owe the Commission an amount equal to \$171,916 for its 2011 ACP obligation. However, if this amount is further adjusted to take into account a prior ACP payment by SJE of \$156,412 and a further payment of \$30,887 made by SJE by electronic transfer on July 24, 2013, the amount due and payable by SJE to the Commission would be a negative \$15,383.