

92DC42
PO Box 6066
Newark, DE 19714-6066

302.429.3105 - Telephone
302.429.3801 - Facsimile
philip.passanante@pepcoholdings.com

500 N. Wakefield Drive
Newark, DE 19702

atlanticcityelectric.com

May 18, 2018

**VIA FEDERAL EXPRESS and
ELECTRONIC MAIL**
rule.comments@bpu.nj.gov

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

RE: In the Matter of Offshore Wind Renewable Energy Certificate
(OREC) Funding Mechanism
BPU Docket No. QX18040466

Dear Secretary Camacho-Welch:

Atlantic City Electric Company (“ACE” or the “Company”) supports Governor Murphy’s Executive Order No. 8 and will work with the New Jersey Board of Public Utilities (“BPU”) to implement an Offshore Wind Renewable Energy Certificate (“OREC”) funding mechanism that meets the Administration’s objectives while eliminating risk for ACE and minimizing the financial impact on ACE’s customers. In addition to its comments below, the Company hereby incorporates by reference the comments it submitted to BPU Staff on April 10, 2018 regarding Staff’s proposed OREC funding mechanism.

ACE continues to work through the details of BPU Staff’s Straw Proposal, as set forth in the Board’s Notice of Public Hearing dated April 27, 2018, wherein New Jersey’s electric distribution companies (“EDCs”) will act as payment agents on behalf of suppliers to direct OREC funding from customers to off-shore wind (“OSW”) developers. Generally speaking, and with necessary safeguards in place, ACE can support acting in the payment agent role. Indeed, ACE’s sister utility, Delmarva Power & Light Company (“DP&L”), has experience as a payment

agent and has procedures in place to transmit funding for a key generation project while eliminating financial and credit risk to DP&L and its customers. ACE also supports those elements of the Straw Proposal intended to ensure that the reasonable costs incurred by the EDCs in compliance with the BPU's OSW initiative are recovered by the EDCs as pass-through charges.

One essential component missing from the BPU Staff's Straw Proposal is the need for the payment agent (i.e., the EDC) to collect funds from its customers at least three (3) months in advance of making the actual payment to the OSW developer. This safeguard creates a reserve of funds and eliminates any possibility that the Company's funds would ever have to be used to cover any payments to the OSW developer. It also helps ensure that there are no financial or credit risks to the EDCs. This safeguard seems appropriate to ACE given the provision in the Straw Proposal permitting OSW developers to retain PJM revenues for up to three (3) months for various purposes, including "the lag time for OREC payment."

While ACE supports the "EDC as payment agent" model, ACE is also willing to consider alternative OREC funding mechanisms proposed by the other New Jersey EDCs and/or the BPU. For example, ACE understands that the Maryland OREC model is an alternative to the BPU Staff's proposed payment agent model and one that may work to achieve the same result that is desired in New Jersey.

In the spirit of capturing the lowest cost and most reliable scenario for ACE customers, the Company suggests that the BPU not presume that only an "All-in" structure is the correct one at this point (i.e., whether the procurement is for a bundled transmission and generation product or whether there should be separate procurements for each component or a combination of these approaches). To that end, ACE encourages the BPU to remain flexible at this stage in terms of the procurement program for offshore wind. ACE would like to be part of further discussions on the proper pricing structure for its customers and would like to engage with the BPU regarding which procurement model is most beneficial for New Jersey ratepayers. The Company also suggests that the rules address the potential scenario in which an OSW project becomes unavailable for some period of time due to extreme weather or other circumstance.

Aida Camacho-Welch

May 18, 2018

Page 3

In summary, Atlantic City Electric Company is supportive of New Jersey's offshore wind initiatives and looks forward to engaging with the BPU and other stakeholders to find the best scenario for ACE's customers while avoiding undue risks for the Company.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Passanante", with a large, stylized flourish that loops back up and over the signature.

Philip J. Passanante
An Attorney at Law of the
State of New Jersey