

**MATRIX OF VARIOUS STATE APPROACHES TO LONG-TERM AGREEMENTS WITH
 RENEWABLE ENERGY PROJECTS FOR ENERGY, CAPACITY, AND RECs**

	Massachusetts	Rhode Island	New Jersey	Delaware
Approach	Power Purchase Agreements (PPA) through long-term contracting requirement.	Power Purchase Agreement (PPA) or "Acceptable Power and REC Off-take Arrangement" ¹ through long-term contracting requirement.	Request for Pricing Proposal Process (includes Offshore Wind Renewable Energy Certificate (OREC)).	Power Purchase Agreement (PPA) executed between electric distribution company and Bluewater Wind (Babcock & Brown).
Authority	Green Communities Act of 2008 (G.L. 169, Sec. 83) requires electric utility companies to enter into 10-15 year contracts with renewable energy providers over a 5-year test period. Purpose of renewable long-term contracting requirement is "to facilitate the financing of renewable energy generation within the jurisdictional boundaries of the [C]ommonwealth, including state waters, or in adjacent federal waters."	Joint Development Agreement (JDA) between RI and Deepwater Wind requires Rhode Island to assist Deepwater in securing PPA(s) or Acceptable Power and REC Offtake Arrangements including taking appropriate administrative, judicial and legislative actions to secure such agreements. JDA also provides Deepwater Project shall offer commercially reasonable electricity to Block Island Power Co.	NJ Board of Public Utilities (NJ BPU) is currently conducting stakeholder process to create OREC incentive and revenue certainty for off-shore wind developers; final structure will be adopted through NJ BPU rulemaking proceeding.	Electric Utility Retail Customer Supply Act of 2006 ("House Bill 6") designated electric distribution companies as standard offer service (SOS) supplier in their respective territories and allowed them to enter into long-term supply contracts.
Process	From July 1, 2009 to June 30, 2014, electric distribution companies shall conduct two separate solicitations for long-term contract proposals for energy and RECs (no capacity) from renewable energy developers. Renewable energy developers must: (1) have commercial operation date after January 1, 2008; (2) qualify for MA RPS and to sell RECs under MA program to be eligible for long-term contracts; (3) satisfy MA DPU requirements that (among other things) be cost-effective to ratepayers and, where feasible, create additional employment in MA.	RI Legislature is currently considering two Senate Bills that require its electric distribution companies (EDCs) to enter into "commercially reasonable" long-term contracts for energy, capacity and RECs from "newly developed renewable energy resources." - EDCs would start issuing requests for long-term contract proposals on July 1, 2010. - Newly developed renewable energy resources means: (S. 487) located in RI or adjacent state waters; or (S. 111) either not yet in operation and no financing secured, <u>or</u> located within RI and has obtained project financing on or after Jan. 1, 2001.	NJ BPU will issue order guaranteeing certain off-shore wind facilities guaranteed fixed payment over 20 years. NJ BPU will recoup that fixed payment through purchase of ORECs by electricity suppliers and through revenues from off-shore wind energy sales. NJ BPU will order load serving entities to purchase certain amount of ORECs from off-shore wind facilities at price set through Request for Pricing Proposal Process (not finalized yet).	Pursuant to House Bill 6, Delmarva Power & Light Co. (DP&L) issued a request for proposal (RFP) for purchase of power under long-term contracts from new generation facilities to be built in DE for the purpose of providing SOS. DE Public Service Commission, the Energy Office, the Office of Management and Budget and the Controller General evaluated the bids and directed DP&L to negotiate a power purchase agreement with Bluewater Wind for approximately 200-300 MW of energy and associated capacity.

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		<ul style="list-style-type: none"> - Long-term contracts subject to RI Public Utilities Commission (RI PUC) approval. - Disputes about commercial reasonableness resolved by RI PUC. 		
Status	<p>Green Communities Act enacted July 2, 2008.</p> <p>MA Department of Public Utilities regulations regarding renewable long-term contracting proposed March 6, 2009.</p> <p>Comments on proposed regulations due April 14, 2009.</p> <p>Public hearing on proposed regulations on April 28, 2009.</p>	<p>Both Senate Bills are pending.</p> <p>March 18, 2009 RI PUC ruling rejected National Grid's standard offer service electricity supply plan for 2010 because it did not contain any provisions for long-term contracts with renewable energy resources and therefore was inconsistent with previous RI PUC orders. RI PUC ordered National Grid to file new proposal by April 16, 2009.</p>	<p>NJ BPU submitted March 10, 2009 Straw Proposal; rule proposal considered by Board on April 27, 2009; Board expected to adopt final rule on September 16, 2009.</p>	<p>Final PPA was executed on June 23, 2008 and approved by the DE state agencies.</p> <p>Under PPA, Bluewater can build project up to 600 MW of installed capacity.</p>
Length of Agreement	<p>PPA = 10 to 15 years.</p>	<p>PPA = 15 years or more.</p> <p>Definition for Acceptable Power and REC Offtake Agreement has no discussion of duration.</p>	<p>Long-term agreement = 20 years.</p>	<p>DP&L contracted to purchase energy, capacity and RECs associated with 200 MW of installed capacity for 25 years following commercial operation of Bluewater's project.</p>
Energy Terms	<p>Distribution companies not obligated to enter into long-term contracts that exceed 3% of total energy demand from all distribution customers in service territory.</p> <p>Energy not used for distribution company's customers may be sold in day-ahead market, with the difference between spot price and contracting price either credited or charged to ratepayers.</p> <p>Proposed regulations provide that distribution company receive 4% of the annual payments under contract to compensate company for accepting the financial obligation of the long-term contract.</p>	<p>Energy price to be negotiated, but must be commercially reasonable.</p> <p>Percentage of minimum long-term contract capacity required to be awarded to renewable energy resources increases each year according to schedule set forth in legislation (schedule differs between the two proposed Senate bills).</p> <p>Proposed legislation (S. 111) provides that EDCs receive 3% of annual payments made under long-term contracts to commercially operating projects.</p>	<p>Energy price determined by PJM in day-ahead market.</p>	<p>\$98.93/MWh, subject to 2.5% annual increase beginning in 2008.</p>

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Capacity Terms	N/A	Capacity price to be negotiated, but must be commercially reasonable.	N/A	\$70.23/kW-year, subject to 2.5% annual increase beginning in 2008.
REC Terms	RECs not used for distribution company's RPS obligations may be auctioned, with difference between auction price and contracting price either credited or charged to ratepayers.	REC price to be negotiated, but it must be commercially reasonable.	OREC price TBD through Request for Pricing Proposal process currently being structured.	<p>\$15.32 (2007\$), subject to 2.5% annual increase beginning in 2008.</p> <p>Under PPA and Senate Bill 328 (2008), DP&L is entitled to receive 350% credit towards meeting its RPS obligations for RECs received from Bluewater [<i>i.e.</i> for every REC BP&L buys from Bluewater, it gets a credit of 3.5 RECs toward meeting its DE RPS obligations].</p> <p>Due to the 350% multiplier, Bluewater is required to deliver to BP&L only 28.6% of the RECs attributable to DP&L's 200 MW energy entitlement under the PPA (the reciprocal of the 350% RPS Credit). Thus, since Bluewater gets paid for the RECs associated with 200 MW and only delivers 28.6% of those RECs, Bluewater gets more money for RECs it actually delivers to DP&L under the PPA (\$53.62 per REC). Bluewater is permitted to sell its remaining RECs into the market for increased revenue.</p>

ⁱ Joint Development Agreement defines "Acceptable Power and REC Offtake Arrangement" as Agreements or arrangements pursuant to which the electrical output of the Project (or any Phase of the Project, as applicable), and RECs are marketed to others such that the Revenue Stream from such agreements or arrangements is sufficient to enable Deepwater Wind to obtain adequate debt and equity financing for the Project or any Phase of the Project, as applicable, on reasonable terms. Any such Acceptable Power and REC Offtake Arrangements shall be structured so that electric energy generated by Phase I and Phase II of the Project shall be attributable to and meet approximately 1.32 million megawatt hours of the electric energy requirements of retail consumers of electric energy in Rhode Island." (JDA at p. 2.)