

Frequently Asked Questions about the Subsection q. Application Process – Updated with Questions Raised from Round 2

Question: How are you applying the first in time rule. Is it just based on the Notice or is it the full and complete application with escrow agreement attached.?

Answer: First in time is ranked by receipt of the Notice on our email server subject to fulfillment of all other criteria: timely complete application, escrow etc.

Round 2 Question: What “Network Time Protocol” will be utilized by the “Qnotice@bpu.state.nj.us” email account?

Answer: Staff anticipates using same “Network Time Protocol” that was used in the first round.

Round 2 Question: What worldclock will the email server be synched with if the NIST worldclock remains shutdown with the federal government?

Answer: Staff anticipates synching to U.S. Naval Observatory in Washington DC, location: Time Service Department Synchronization: NTP V4 primary (USNO Master Clock H-masers)

Access Policy: open access for MIL, GOV, and other stratum 2 servers. *Note, USNO operates three NTP servers at this address as part of a load-balanced farm to handle high traffic.*

Round 2 Question: What happens if our “Qnotice” email submission is forwarded by a spam filter?

Answer: Staff will check the spam folder on periodically and transfer any notices found in the spam folder to the QNotice email account.

Round 2 Question: How will the manual opening of the “QNotice” email account correct for any latency in activation to ensure that it is live at 4pm according to the worldclock?

Answer: Latency will be addressed in the same way it was addressed in Round 1 where no one reported issues related to any delay in activating the email address.

Question: Is it the Notice that is first in time, provided you file everything else on time (i.e. within 5 days) and it is deemed complete?

Answer: Yes

Question: If you file the requisite Notice and application and escrow agreement, and then change your mind before May 31, can you rescind the application before May 31 and have your escrow released?

Round 2 Update: If you file the requisite Notice and application and escrow agreement, and then change your mind before October 31, can you rescind the application before October 31 and have your escrow released?

Answer: Yes. “[T]he notice escrow shall be reimbursed to the facility in full upon either rejection by the Board or the facility entering commercial operation...”

Round 2 Question: How will escrowed funds be authorized for release when an applicant approved for EY15 or EY16 seeks to withdraw its application?

Answer: Withdrawals from the escrow account may be made after the Depositor provides written notice to the Escrow Agent and to the BPU that the depositor no longer seeks designation of the Solar Facility as connected to the distribution system and the Depositor provides written confirmation to the Escrow Agent from the BPU staff that the application for which the funds were deposited has been withdrawn prior to designation of the Solar Facility by the Board. Designation is anticipated to occur on June 1, 2014 for projects conditionally approved for Energy Year 2015 and on June 1, 2015 for projects conditionally approved for Energy Year 2016.

Question: Do we have to use a bank for the escrow agent? There appears to be some trouble getting many of the banks in New Jersey to sign off on the form. Can we use another form of financial institution?

Answer: You have to use an “Accredited Financial Institution.” The escrow agreement is based on one used by NJDEP for landfill closure, you can google NJDEP landfill closure escrow and see quite a bit of activity and background on their program, the escrow requirements, even municipal auditing and RFPs for escrow services. The definition of an “Accredited financial institution” is contained on page 5 of the Subsection q. standard form escrow agreement.

Round 2 Question: Does the Escrow Agent have to have its principal place of business in New Jersey.

Answer: To be an “accredited financial institution” compliant with the terms of our escrow agreement, specifically the requirement for “its principal office located in the State of New Jersey”, simply requires an office located within the State, not the headquarters.

Question: Why does the escrow agreement have to be signed by the escrow agent by May 15th if it does not have to be submitted as part of the application for another 5 days? Can you advise what the thinking is there?

Round 2 Update: Why does the escrow agreement have to be signed by the escrow agent by October 15th if it does not have to be submitted as part of the application for another 5 days? Can you advise what the thinking is there?

Answer: This was done to prevent gaming, a rush on staff by developers seeking to learn the outcome of the first in time process before actually committing to fund the escrow to the detriment of other applicants.

Question: Can you get your q. money back?

Answer: The escrow agreement can be terminated and the funds refunded, as long as your facility hasn't been designated as connected to the distribution system; ie EY14 approvals will be made by the Board with designation effective upon approval, for EY15 conditional approvals, designation will occur on June 1, 2014, and for EY16 conditional approvals, designation will occur on June 1, 2015.

Question: Do you have an escrow bank selected?

Answer: No, we've modeled the process after the DEP's landfill closure escrow process and understand from their staff that there are many accredited financial institutions that perform this work. The DEP's landfill closure section has provided the following list of banks with experience in their program:

US Bank- Stephanie Roche- 973-898-7160- stephanie.roche@usbank.com
Bank of New York/Mellon- Wendy Morgan - 212-815-8286- wendy.morgan1@bnymellon.com
TD Bank-Arlene Murphy - 856-685-5103 - amurphy@yesbank.com
Wells Fargo- Sergio Iacovitti- 609-826-8532-sergio.iacovitti@wellsfargo.com
PNC- Rose Provins- 412-762-4828- rose.provins@pnc.com
Bank of America – Donna Shaw- (201) 251-5577- donna.marie.shaw@bami.com

Question: Please provide the federal tax Id number (E I N) of BPU

Answer: The BPU's federal tax identification number is not required in the escrow agreement since the agreement is between the Subsection q. applicant and the bank.

Question: The bank interprets one sentence to mean something different than what you and I may read. (First sentence of Section 5 - *In all cases, the escrow account shall be invested and maintained so as to maximize yield and minimize risk (subject to the approval of BPU)*). I see in the schedule that a money market investment seems acceptable but they need confirmation.

Question: Can we receive confirmation that **any** investment described in A,B,C or D (**below**) is acceptable?

Answer: See page five of the Subsection q. Standard Form Escrow agreement; "Investment Guidelines". The escrowed funds can be invested in any combination of the permitted categories.

Question: In making arrangements to open the escrow account pursuant to the subsection Q Order, we have found that the banks typically accept funds for deposit after the escrow agreement is signed by all parties. We are prepared to fund now as the BPU application suggests we do, but the bank needs clarification on accepting funds prior to a BPU signature. Would you please confirm that you would like the bank/escrow agent to accept our deposit prior to your signature on the escrow agreement?

Answer: The escrow agreement is between the applicant and the bank and must be executed, meaning funds acknowledged as deposited, before submitting the executed form to the Board.

Question: I am the land owner for a 3 MW ac grid connect project where a developer is the lessee and project asset owner. My question is: If the developer is the applicant for the Q SREC designation is it acceptable for me to post the escrow under my own name?

Answer: As detailed on the escrow agreement, the escrow fund must be established for the specific project that is the subject of the Subsection Q application. The application and the escrow agreement are designed to be complementary requisite components of the Subsection (q) application package. The applicant can be any of the various parties. The escrow agreement requires the signature of the Owner/operator of the proposed solar electric power generation facility.

Question: How should we title the escrow account? Does the account stay in our company name using my EIN #.

Answer: Without more information, it is difficult to answer this question. As noted above, the escrow account must identify the address of the proposed solar facility along with the SRP number, if applicable. The escrow agreement is an agreement between the depositor (owner/operator of the proposed solar facility) and the accredited financial institution.

Question: The Order on page 9 requires that the Applicant must copy Rate Counsel on the application. This requirement is not mentioned in the Instructions. Are we do to that? Is there a particular address for Rate Counsel that you would like us to send to? If we don't copy Rate counsel, are we incomplete.

Answer: Rate Counsel's address is 140 East Front Street, 4th Floor, Trenton, NJ 08625. The phone number is 609-984-1460.

Question: On page 1 of 12 of the Instructions for applicants, the address we are directed to use for hand delivery is Secretary, New Jersey Board of Public Utilities, 44 South Clinton Avenue, 9th floor, p o box 350, Trenton, New Jersey. On page 4 of 12, it appears that we are mail or hand deliver to Solar Act Subsection q, Application Package, New Jersey Board of Public Utilities, 44 south Clinton Avenue, 7th floor, Trenton, New Jersey. Exactly where should we bring the packages?

Answer: 9th floor is the correct hand delivery route. Our mailroom has been alerted, either address they come to will receive a date stamp.

Round 2 Question: Three applicants were conditionally approved by the Board in the first round of subsection q. applications but failed to register in the SREC Registration Program in the time period directed by the Board. Will this capacity be reoffered?

Answer: These three applicants will be advised to reapply in Round 2 toward preserving their conditional approvals.