

**NJR CONTACTS:**

ROBERTO BEL, VICE PRESIDENT, TREASURER & INVESTOR RELATIONS	732-938-1049
DENNIS PUMA, DIRECTOR, INVESTOR RELATIONS & TREASURY SERVICES	732-938-1229
MARK AYDIN, MANAGER, INVESTOR RELATIONS	732-938-1228

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**March 26, 2020****QUESTIONS (AND ANSWERS) ON THE NEW TRANSITION RENEWABLE  
ENERGY CERTIFICATE MARKET**

On March 9, 2020, the New Jersey Board of Public Utilities (BPU) issued its final order on the pricing of Transition Renewable Energy Certificates (TRECs). The TREC market was created by the BPU on December 6, 2019, and is designed to bridge the gap between the legacy Solar Renewable Energy Certificate (SREC) Program and a still to-be-determined Successor Program. TRECs provide a seamless transition for active projects that: (1) submitted an application to the Legacy SREC Program after October 29, 2018, and (2) have yet to commence commercial operations at the time the legacy market is closed when solar generation is determined to reach 5.1% of the state's retail electric sales ("5.1% Milestone").

**The TREC Market****1. What did the BPU's March 9, 2020 Order do?**

The BPU's March 9, 2020 Order modifies the transition incentive structure adopted in its December 6, 2019 Order. Specifically, the new Order amends the incentive structure of the TRECs to a fixed based compensation of \$152 per TREC for a period of 15 years. In the December Order, TRECs were priced on a 15-year base schedule with the first three years fixed at \$65 per TREC to accommodate cost cap constraints, with the remaining 12 years fixed at \$189 per TREC. (See Question 4 below regarding subsequent modification under cost caps.)

**2. What are the major differences between the SREC and TREC markets?**

There are two major differences between SRECs and TRECs. First, the price of a TREC is fixed at \$152 while the price of an SREC is determined by the market. The market price at any given time is influenced by many factors, primarily the demand for SRECs, which is a function of the interaction between the renewable portfolio standard and electric load, and the supply of SREC's generated from solar installations. Therefore, there was price risk in the SREC market that NJR Clean Energy Ventures (NJRCEV) mitigated through hedging.

Second, the SREC program provided a single incentive payment for all market segments, while the TREC program differentiates the incentive payment based on factors. Projects that focus on non-residential rooftops, carports and community solar have a higher TREC factor per kilowatt hour than projects that are ground mounted. For example, a project with a 1.0 factor, would get a TREC value of \$152/MWH (1.0 x \$152), while a residential ground mount project would get \$91.20/MWH per year (.60 x \$152).

Renewable Energy Credit:	SREC Market	TREC Market	
Tenor	15 Years	15 Years	
Price	Market	Fixed	
Factors	1:1	Based on Project Type	
Project Type		TREC Factor (/kwh)	SREC Factor (/kwh)
Grid supply rooftop / Net metered non-residential rooftop and carport		1.0	1.0
Community solar		0.85	
Grid supply ground mount		0.6	
Net metered residential – ground mount/rooftop/carport		0.6	
Net metered non-residential – ground mount		0.6	

**3. Does this Order signal that the 5.1 percent milestone has been achieved and SREC market is closed?**

No, the Order levelized the base TREC incentive at \$152 per year for 15 years. The BPU currently estimates that the 5.1 percent milestone will be achieved and the SREC market closed around May or June of 2020.

**4. Can you explain the “cost caps?”**

As defined in the New Jersey Clean Energy Act, cost caps limit the total dollars the state can spend on incentives for solar and Class 1 REC’s to 9 percent of total NJ electric utility revenues in Energy Year (EY) 2019-2021, and 7 percent thereafter. Recent legislation allows the BPU to bank any underspend on incentives expected in EY2019-2021 and borrow these as a credit against incentive costs in subsequent years. The legislation provided the BPU with greater flexibility to meet the cost caps, which was reflected in the modification of incentives in the Board Order by fixing the TREC value at \$152 per year for 15 years.

**5. Which projects qualify for a TREC as opposed to an SREC?**

Projects are eligible for TRECs if they filed a complete Solar Renewable Program registration after October 29, 2018 and, are not in commercial operation at the time the BPU determines that the 5.1% milestone is reached. New projects may also apply for TREC’s until the long-term successor program is implemented.

**6. Who must purchase TRECs?**

TREC’s will be purchased by the electric distribution companies (EDC) such as PSE&G, JCP&L, etc., who will then grant these to the load serving entities who are obligated to meet the state’s RPS.

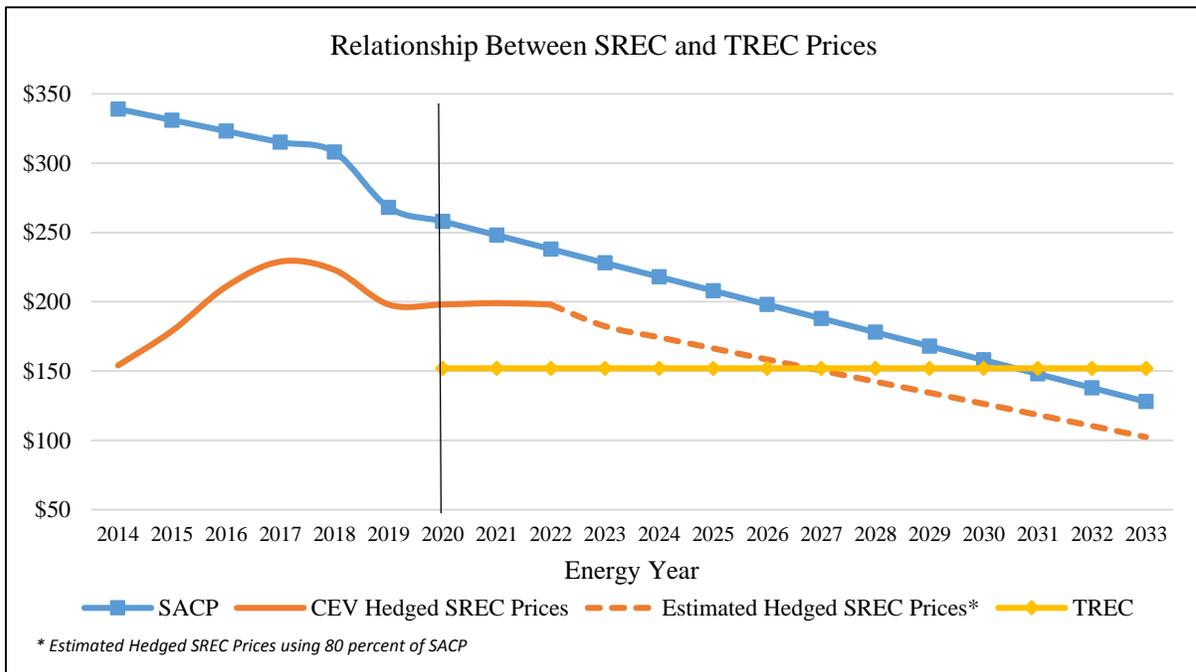
**NJRCEV Specific Questions**

**7. The price of a TREC (\$152) is lower than NJR’s average hedged price for an SREC (\$198). Isn’t this harming revenue?**

These are two different markets. While new installations will earn TRECs, the legacy SREC market will not be affected. NJRCEV’s projects installed under the old SREC market will continue to earn SRECs under that market construct and NJRCEV will continue to hedge them as we have done in the past.

As the chart below indicates, the SACP is mandated to decline \$10 per year from its EY2020 price of \$258 to \$128 in EY2033. Since SACP is the ceiling price, SREC prices (hedged or not) must also decline over time. Because of this, TREC prices will be higher than SREC prices by EY2026.

A fixed price TREC market provides long-term pricing stability for incentives over 15 years to be funded by EDC’s. The incentives will be enough to encourage additional NJRCEV investment in New Jersey solar projects, and are more utility-like, with lower price risk.



**8. What does this mean for the seven commercial projects NJRCEV discussed on your February Q1 call?**

Based on identified projects for fiscal 2020, four projects, totaling 26.1 MW, are expected to be SREC eligible projects, while three projects, totaling 21.0 MW, are expected to be TREC eligible projects.

**Forward Looking Statements**

This investor fact sheet contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. NJR cautions readers that the assumptions forming the basis for forward-looking statements include many factors that are beyond NJR’s ability to control or estimate precisely, such as estimates of future market conditions and the behavior of other market participants. Words such as “anticipates,” “estimates,” “expects,” “projects,” “may,” “will,” “intends,”

“plans,” “believes,” “should” and similar expressions may identify forward-looking statements and such forward-looking statements are made based upon management’s current expectations, assumptions and beliefs as of this date concerning future developments and their potential effect upon NJR. There can be no assurance that future developments will be in accordance with management’s expectations, assumptions and beliefs or that the effect of future developments on NJR will be those anticipated by management. Forward-looking statements in this investor fact sheet include, but are not limited to, certain statements regarding NJR’s base rate case, future base rate cases, infrastructure programs and investments.

Additional information and factors that could cause actual results to differ materially from NJR’s expectations are contained in NJR’s filings with the U.S. Securities and Exchange Commission (SEC), including NJR’s Annual Reports on Form 10-K and subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings, which are available at the SEC’s web site, <http://www.sec.gov>. Information included in this investor fact sheet is representative as of today only and while NJR periodically reassesses material trends and uncertainties affecting NJR’s results of operations and financial condition in connection with its preparation of management’s discussion and analysis of results of operations and financial condition contained in its Quarterly and Annual Reports filed with the SEC, NJR does not, by including this statement, assume any obligation to review or revise any particular forward-looking statement referenced herein in light of future events.

### **About New Jersey Resources**

**New Jersey Resources** (NYSE: NJR) is a Fortune 1000 company that, through its subsidiaries, provides safe and reliable natural gas and clean energy services, including transportation, distribution, asset management and home services. NJR is composed of five primary businesses:

- **New Jersey Natural Gas**, NJR’s principal subsidiary, operates and maintains over 7,500 miles of natural gas transportation and distribution infrastructure to serve over half a million customers in New Jersey’s Monmouth, Ocean, Morris, Middlesex and Burlington counties.
- **NJR Clean Energy Ventures** invests in, owns and operates solar projects with a total capacity of nearly 300 megawatts, providing residential and commercial customers with low-carbon solutions.
- **NJR Energy Services** manages a diversified portfolio of natural gas transportation and storage assets and provides physical natural gas services and customized energy solutions to its customers across North America.
- **NJR Midstream** serves customers from local distributors and producers to electric generators and wholesale marketers through its 100 percent ownership of Leaf River and Adelpia Gateway, 50 percent equity ownership in the Steckman Ridge natural gas storage facility, as well as its 20 percent equity interest in the PennEast Pipeline Project.
- **NJR Home Services** provides service contracts as well as heating, central air conditioning, water heaters, standby generators, solar and other indoor and outdoor comfort products to residential homes throughout New Jersey.