

## **RENEWABLE ENERGY COMMITTEE MEETING**

**SEPTEMBER 16, 2008**

Maureen Quaid brought the meeting to order at 1 pm. Approximately 25 attendees were in the room, along with an unknown number participating via the conference call.

### **INFORMATION ITEMS**

#### **1. NJ BTM REC Platform - CPM contract waiver; status of board order authorizing PJM-EIS-GATS to create SRECs**

Scott Hunter said the Board tentatively approved a contract extension with CPM through June 30 2009 subject to final approval with Treasury. Treasury has already provided preliminary approval. Hunter said a Board Order memorializing Board action on June 30. Critical milestones will be: 1) Treasury contract amendment posted, and 2) Board Order authorizing PJM-GATS.

Rick Brooke said MSEIA would like to thank the Board, Market Manager etc, for getting the contract extension approved.

#### **2. Net Metering & Interconnection Stakeholders' Meeting – report from Sep 11 mtg**

Hunter said the agenda was broken into two phases of potential rule changes: fast track and longer proceeding. Also provided an update on anniversary rule changes. Anniversary rule changes are scheduled to be posted on October 6 to commence a 60 day comment period. First phase rule changes involved some housekeeping items and legislatively mandated changes such as broadening rate class eligibility for net metering. Also reconsidering current 2 MW cap on net metering and interconnection. Also discussed real-time crediting, which is expected to be taken up in phase 2, and heard from EDCs on interval metering for large customers. Approach may involve incremental rollout, first to customers who already have IDRs. Hunter said this topic was also discussed at September 11 meeting. He mentioned RedSkye pilot is intended to help better understand the issues associated with community energy.

Ann Marie McShea next meeting is planned for October 23. Mentioned that aggregated net metering is tied to aggregated billing, final determinations have not been made on how this would be implemented. McShea also noted that policies regarding community solar and net metering should apply to all renewables.

Quaid asked about limitation of net metering eligibility up to amount of annual consumption or 2 MW. Hunter replied there were cost-shifting factors to consider, which are already present but become larger when larger systems are involved.

#### **3. Community Energy – SunFarm Network proposal**

Skipped until later

#### **4. SREC eligibility date**

Skipped until later

#### **5. RE listserv – new protocol for posting messages**

Hunter said “replies to all” have prompted a change to list management. To minimize the number of messages going to everyone, the list is being changed to a notification list. Anything that needs to be sent out on the RE listserv needs to be sent to the list administrator, Scott Hunter, Maureen Quaid, or Kim Hoff, and they will post it.

## **POLICY DISCUSSION**

### **1. 2009 Renewable Program Plans and Budgets**

David Hill presented the Market Manager's proposal for 2009 program planning. A bottom-up analysis of 2009 budget came up with about \$55 million total, while a top-down analysis came up with about \$42 million – resulting in a \$13.5 million gap. It is that gap which will be addressed today. Hill said the gap is addressed by reductions across all categories and remains flexible for additions during the funding year, such as those deriving from ACP and SACP payments.

In the solar market, the strategy proposed is to reduced first refusal block to same incentive as the new rebate level, and leave the last funding cycle flexible. In the wind and biomass segments, the strategy proposed is to reduce incentives in each category \$2.5 million. A final strategy is to reduce administrative budget as well.

Mike Ambrosio asked whether and when SACP payments will come in. Hunter said \$3 million has already come in. Ambrosio said these funds can be included in the plans for 2009. This provides an additional \$4.5 million (tentative) to help resolve the budget difference. Ambrosio said interest and next year's SACPs can also help make up the difference. Also noted that wind/biomass funding earmarks in the budget only reflect customer-sited wind and biomass; these projects may also have access to other funding mechanisms not reflected in this budget.

Roger Dixon asked what \$ amount was reserved for wind/biomass in 2008. Larry Barth said \$4.75 million was committed in 2008, of which about \$2 million is left. Dixon said wind market is growing, and measures should be taken to preserve or increase the amount of wind funding next year. Rob Benjamin indicated his agreement, and also predicted increase in community wind projects, significant increase in demand.

Rick Brooke said MSEIA supports proposed ratio in solar between residential and non-residential sectors.

Pam Frank asked about scrub rates in first refusal funding cycle. Hill said we anticipate scrub and this is built into program planning. Hill said specific administrative details will need to be identified. He said he suspects all new paperwork/applications/processing steps will be required for all the new programs. Quaid said in terms of operational efficiency we will attempt to reduce paperwork to only what is necessary to meet the program objectives.

Ambrosio asked what the logic was in giving a higher rebate in the first refusal block, noted that these customers are getting an advantage anyway. Hill said he agreed.

Bill Hoey said he supported flexibility in last funding cycle; Susan LaGros agreed.

Quaid said Market Manager team will be moving very aggressively once \$47 million Board order is released, and that operations team has already been reaching out to customers in queue. We anticipate that we will get certified letters to all customers within a couple weeks of the Board Order. Ambrosio asked MSEIA if there was anything we should be doing to help the industry get the word out. Customers will receive letters; installers will be cc:d.

## **DEFERRED ITEMS**

### **Community Energy – SunFarm Network proposal (from earlier deferral)**

Pam Frank presented SunFarm Network's proposal on community energy which had been presented to the net metering stakeholder group on September 11. Frank said the proposal was conceptual at this stage, and a number of questions were asked regarding specific implementation. Frank said a lot more detail needs to be worked out. SunFarm Network outlined some high-level net metering rules would need to change.

Fred Lynk said he believes there may be significant legal and practical impediments which need to be addressed. He said PSEG was in the process of beginning a legal review.

Anne Marie McShea said the impetus for this effort was the solar transition order, which expressed interest in granting broader access to the solar market including community renewable

energy. Scaling and scoping of this is now what is under discussion. McShea also pointed out that there is a potential to accomplish a similar result through REC transactions and voluntary clean power purchases. She said the soonest to expect a proposal is the first or second quarter of 2009.

First rulemaking will address anniversary date issue. Phase 1 will come next and include expansion to all classes of customers, expansion to all classes of renewables, and possibly the 2 MW cap, review of limit on interconnection (utility discretion above 2 MW). Phase 2 rulemaking will consider more complex community power issues.

#### **SREC eligibility date (from earlier deferral)**

Wiese noted that to date customer-sited solar energy systems have become eligible to begin producing SRECs either on the date of utility interconnection approval or the date of passing the NJCEP program inspection. He said that with a contemplated change in 2009 program plans (and beyond) away from a 100% inspection rate (and in some cases eliminating the program inspection entirely), the logic of linking SREC eligibility to passing a program inspection is strained, that the Market Manager may need to reconsider that logic, and invites input from the industry on what the appropriate link should be.

#### **WRAP-UP ADMINISTRATIVE ITEMS**

##### **Next Meeting**

The next meeting will be October 14 at 1 pm.

##### **Adjourn**

Quaid adjourned the meeting at 3 pm.

**Renewable Energy Committee Meeting - Attendees**

Tuesday, September 16, 2008

1:00PM - 4:00PM

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