

Renewable Energy Committee Meeting

January 21, 2009

Maureen Quaid called the meeting to order at 9:30 a.m.

1. **Introduction**
2. **Board Orders**

2009 Plans – Winka said the 2009 budget order was signed and distributed. Involves carrying CORE program through dollar amounts that were budgeted, then transferring to new program which will replace it. Ambrosio adds that CORE goes for 90 days or until all dollars are committed. MM working hard to commit all remaining dollars within this window. Any remaining funds will be carried over to new program.

ITC – Winka said this Order was also signed prior to end of year. This kept rebate levels for projects with commitment letters at the level committed to. Requires a proceeding or stakeholder meeting as part of the RPS process, potentially to discuss reduction in qualification life of SREC given changes in federal ITC. This is currently 15 years from the time of rebate.

Wind systems – Ambrosio how to apply order to wind systems which are performance rather than capacity based. For wind projects cap is \$51,200 which is equivalent to the first block in the performance based rebate. Combination of projects limit is also \$51,200 or 10 kW. This decision has been made by the Board but the Order still needs to be signed. Some previous projects which had already been approved will be grandfathered. Order should be out any day now. This order applies only to residential systems.

3. **Proceedings**

Net Metering/Interconnection – Scott Hunter said a stakeholder proceeding is ongoing and includes community renewable. Disaggregated rule changes into three sets. First was deemed to be easiest to accomplish regarding anniversary date changes on net metering. This rule change has been proposed and issued in the Register, received comments, Staff has prepared a comment response document with rule proposal. Presenting rule to the Board on January 28, if approved published in NJ Register in March. Other changes not so easy. Hardest changes in phase 2 proceeding, regarding real-time crediting and aggregated net metering. In between changes, phase 1 rule changes include some housekeeping issues such as improved reporting requirements. Expect next stakeholder meeting in early February to finalize phase 1 changes toward rule proposal for adoption by the Board. Pam Frank asked where increasing the net metering cap comes in. Hunter said net metering limit has received mixed comments, and no changes to existing 2 MW cap are being proposed. Hunter said Board has also asked staff to develop recommendations on community renewable energy, that effort has been integrated into this process. Anne Marie McShea is leading this process, expect report to be submitted to Board soon. Winka said Board discussion said that SunFarm's proposal went too far, but utilities' proposal didn't go far enough. Board is looking for a middle ground which enables benefits of community energy while limiting costs on distribution system.

RPS – Winka said there were a number of strategies listed in the Energy Master Plan, so there are a number of rulemakings which are being undertaken to address these. These involve RPS changes, solar cap. Anne Marie McShea is setting up these proceedings.

Solar Transition Rule Adoption – Scheduled for agenda this board meeting, but being deferred to February agenda meeting on February 11. Once the Board signs off on it. Takes all the things that were in the Board Order on solar transition and puts them into rulemaking. These rules will be in place for Energy Year 2009, meaning going forward an EY2009 REC can be used for compliance in EY2010.

Securitization – Winka said ACE and JCPL both filed their securitization proposals within RGGI filings in October and November. These filings have been determined to be complete, now into 180 days to modify, otherwise they will go into effect as drafted. Settlement hearings are going into effect now and include open public discussion, now in settlement discussion with active parties. Goal is to have this to agenda by 1/28. Winka said we're pretty well along on the technical issues, but issue which is still outstanding has to do with cost recovery. RICO is to file 1/31; PSEG is required to file 3/31. Sets up longterm contracting by JCPL and ACE for 23 and 11.5 MW, respectively. Includes breakdown between small (<50 kW) and large (up to 500 kW). Requirements for meeting this breakdown. Fred Lynk said PSEG loan program is still open and available.

Offshore Wind – Winka said October Order directed staff to initiate rulemaking. Staff is in the process of establishing an RPS set-aside for offshore wind. Stakeholder group has been established, ORECs will be implemented. Solar grows organically, but offshore wind will come in large clumps. Discussion is around what RPS set aside looks like. Proposals have been submitted by several parties in response to draft straw, staff is proceeding with putting additional touches on proposals based on these comments. OSW setaside would only be established once OSW projects come on line.

Frank asked to move item 9 (SREC qualification life changes) up and discussing now. Hunter said this topic was to be considered within the RPS rule changes. Frank said this is not a small change, goes to the heart of regulatory risk. Said it sends a disruptive signal to the market. Winka said he understands, but Board asked staff to go forward with proceeding. Winka notes that large projects NUGS had a similar regulatory risk but were still able to figure out financing.

4. HIC contractors license

Alma Rivera said Division of Consumer Affairs said that any contractor installing RE systems in NJ with incentive \$\$ must have HIC license. Rivera has been working with Larry Barth and Market Manager team. Letters have been sent out to contractors, documentation must be provided by contractors by March 13. Questions directed to Department of Consumer Affairs at the Department of Licensing. Covers all residential work, regardless of whether an incentive is requested or not.

5. GATS transition

Wiese reviewed REC administrator referrals (operating practices for new systems) which details new project referrals. Currently, new projects from the GT 10 kW and all PSSLP projects will be referred to GATS. All other projects, i.e. LT 10 kW are continuing to be referred to CPM. Although, LT 10 kW

projects may begin to be referred to GATS in March 2009. Hunter said Sept 24 Board Order dealt with this issue.

On the default transition, Wiese said this process is designed for those who do not actively transition to GATS at some earlier date, voluntarily. On June 3, 2009 all accounts would be transitioned to GATS. Therefore, using this June 3 transition date yields June 5, 2009 as the date all RECs are issued through GATS. Under this scenario June 15 would be the last day to make transactions. After which a blackout period from June 16-30 would ensue. Thus all EY 2010 RECs would be issued through GATS. (2009 RECs would be a composition among the two platforms.)

Wiese said account holders must verify current account balance information and utilize user name to set up password. Upon entering the new system account holders will realize differences visually however the two systems have similar functionality.

For those account holders who wish to transition early, an early transition period has been initiated. This early transition period will also allow the transition team to debug the process. The early transition is only proposed to accommodate certain categories of account holders. The two groups of proposed account holders are:

- Group A – likely candidates???. Account holders wishing to participate would need to notify the transition team by March 15, 2009.
- Group B - consisting of small and large systems account holders. Account holders wishing to participate would need to notify the transition team by April 15, 2009.

Key Dates- Transitioning account holders would have a period of time to enter generation balances. Once completed the following month the account will be operational in GATS. Regardless of early transition or default transition grouping all account holders would be “blacked out” for a 15 period for processing and verification.

Training Opportunities – Numerous training opportunities exist including the following:

1. GATS online training modules
2. GATS also will offer four in-state training sessions. Two will be located in Trenton, NJ and two will be located in a soon to be determined location in North/Central New Jersey.
3. GATS also has periodic subscriber calls which are open to the public.
- 4.. Finally, Transition briefings will be scheduled to communicate during the transition.
5. All Training presentations will be posted on the NJ Clean Energy website.

If account holders do not select early transition, documentation will be provided with appropriate steps to take along with a list of FAQs.

David Weisman asked what is happening regarding the entering of 2008 CY production data – specifically regarding GATS’ policy of not allowing any change to 2008 production after 30 days? Jaclynn Lukach said GATS is working to put in place an enhancement. The enhancement will be in place

by March 2009. In the mean time account holders can submit production data to Jher and she will verify and enter data.

Weisman asked whether there is a limited when data can be entered into GATS. Is this being further addressed? Lukach said a GATS enhancement addressing this matter will be implemented in early February 2009.

Weisman asked if GATS will use the same timeline for certificate generation as CPM? Lukach said GATS will create certificates with a 3 week delay. Using GATS certificates will be created by the 28th of the month as opposed to the 6th of the month under the current CPM process. This time lag is necessary to review and create certificates, any change to this would be a significant change.

Weisman said this will significantly impact the true-up period.

Wiesman asked if there were any discussions regarding reporting of information to the market? Garrison said the market manager team will be continuing to supply the same market data. This has already been incorporated into recent reports. Wiese said the market manager will attempt to make the furnished data identical to the information we make available today.

Chris McDermott asked whether GATS 30 day time lag is documented somewhere. Lukach responded that all GATS operating procedures are posted on the GATS website.

McDermott asked whether we planned to post both long term and spot prices? Garrison said the plan is to calculate the information the same as in the past. One price point for the market and will be located on NJCEP website and will be forwarded to the list serve. Lukach said GATS will publish in range data on the GATS website. Wiese said NJCEP may still need to offer additional information.

McDermott asked whether it was planned to provide other additional information to market, such as unblended information? Garrison said the MM will examine differentiating the market data to reflect long term contracts, etc.

G Forenz??? Asked whether there will there be an escrow account established as part of the process? Gaurav Naik said the escrow account is necessary. It allows the seller to block any transaction if payment is not received. Lukach said GATS is looking into adding this functionality. Wiese said the market manager is aware of the escrow account issue and is examining solutions. Hunter said the BPU is considering having a stakeholder meeting to address issues.

6. 2008 Year End Program Review

Larry Barth presented a spreadsheet summarizing December activity. 51 MW this year compared to about 16 last year. Garrison explained how remaining funding can be carried over to serve projects in the supplemental queue. In the two public budget categories and the private ≤ 10 budget category there are not enough funds to cover the supplemental queues. New postings at end of January will show significant updates.

7. Work Plan and Timeline for 2008-09 programs

Larry Barth presented proposals for handling approvals during transition from 2008 to 2009 programs. Option A is to complete everything in order. It showed the Market Managers continuing to process 2008 budget projects (queue projects @ \$3.50/watt) through February, completing first funding cycle applications (@\$2.00/watt) during last week of March, then accepting new applications for 2009 projects (@\$1.75/watt) starting in February and beginning processing these in March. Option B has the Market Manager extend Market Manager processing of the \$3.50 group through the first week in March, but enables an earlier start for processing the \$2.00/watt and \$1.75/watt groups. Option B could be more complex administratively. Garrison clarified that the \$2.00 group on the slide just shows the mark for residential; other projects would be @ \$1.00 watt.

Hauber recommends Option A. Discussion about blackout dates. Barth summarized by saying that the Market Managers will date and time stamp all applications that come in starting February 2, and there will not be a blackout period.

Barth presented a summary of changes for the 2009 program plan. Customer-sited program will provide rebates for small projects; all projects eligible for RECs/SRECs. Moving to 3 funding cycles per year. 6 MW capacity blocks – changes in incentive level dictated by how quickly capacity block is allocated. <10 W \$1.75/watt with audit, \$1.55 without audit. Non-residential projects 1-50 kW \$1.00/watt. No rebate for >50 kW. May need to make similar determination for residential 10 kW. New forms for 2009 are being developed. Newly signed contract will be required. Applications only reviewed for approval after they are complete. Projects not allowed to start until receipt of approval letter. Incentives are capped at size of initial application. Expiration period maintained at 12 months for residential projects. Expanded project cap to prevent gaming of 50 kW incentive cap – 12 month period until next application at the site.

Valori presented technical changes proposed, including a transition from a QC to QA approach. Will require metering of all new projects. Date of eligibility for REC generation date established as interconnection date which needs to be provided by the appropriate utility.

Hauber notes module availability drove flexibility in incentive cap per application.

Policy Discussion Items

8. SREC ownership disputes

Deferred to next meeting.

9. SREC qualification life changes

Moved to and discussed in agenda item 3.

10. SREC eligibility date

Deferred to next meeting.

11. Rebate eligibility for projects completed before application submitted

Deferred to next meeting.

12. Rebate recalculation for systems larger than in original application

Deferred to next meeting.

13. Residential rebate expiration date

Deferred to next meeting.

14. Schedule next meeting

Quaid will send revised agenda for next meeting. Thursday, February 12, 1 p.m.

15. Adjourn

Quaid adjourned the meeting at 12:30 p.m.

Renewable Energy Committee Meeting - Attendees

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Wednesday, January 21, 2009

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