

Renewable Energy Committee Meeting
May 11, 2010
2:00pm to 4:30pm

#1 - Funding Cycle 2 update (Tammy Gray)

Tammy reviewed the number of applications reached weekly in 2010 and also in the 1st 3 days of Funding cycle 2. (See presentation #1)

Applications that were received by the NJCEP before we closed Funding Cycle 1 that are deemed complete and we did receive the updated paperwork before May 3rd are being approved first.

Questions arose about when will the Funding cycle 2 be closed – BPU said immediately and we are working on an announcement that will go out to the list serve today

We will make program changes for Funding cycle 3. We will look at each opportunity to revise the program so that more applications can be approved with the funds for that cycle (Mike W and Mike A)

For Funding cycle 3 budgets have been set and we should look at what the rebates levels should be to ensure that we approve as many applications as possible.

There is no more money to be added to the Funding Cycle 3 but we need to figure out what changes will be needed in the program. Mike Ambrosio suggested that we spend some time now in the meeting to discuss ideas:

Suggestions include:

- Return applications not funded from the previous funding cycle
- Have an application quota per company based on size
- During the solar transition we had an entity cap that included a 20% cap
- We need to think in terms of barriers to entry to deter installers from submitting systems that will never get built
- Application fees that could be refunded if the projects go through
- For non-residential, do we even need a rebate since they receive so many grants, tax credits and depreciation? Most installers in the room felt we did not but since the public and non-profit projects do not get any tax benefits, it was suggested that there is still a carve out for public and non-profit projects.
- For Residential, what is the amount of the rebate? It was discussed that the rebate was too high based upon the number of applications that we did receive and should be lowered.
- Comment from the audience said that the residential and small commercial do not compete well with the pricing received by large commercial systems so the rebates are necessary for that market.
- If we remove rebates than we need a better program for selling SREC's for the long term for residential and small non-residential. It was discussed that in the

previous SREC solicitation – average price was \$450 per SREC over 10 years. The uptake on the solicitation is very small and none were received in ACE territory. It was discussed that customers just do not know about these solicitations and they do not exclude any size of system. The loans also need to be more attractive to purchasers. Banks are still only loaning based upon home equity lines. They do not understand the SREC market and guaranteed revenue stream.

- Remove the special Wind and Biopower budgets and lumps all RE into one budget.
- Give priority to applications for projects that commit to being build in 6 months verses 12 months

BPU and the NJCEP Market Manager mentioned that they were meeting with banking organizations to help them understand the SREC's market.

A concern from a member of the audience arose regarding the 30% tax credit for small commercial customers. If we can't get a rebated application approved and have projects under construction by end of year those customers could lose the tax credit. It was clarified that the grant not the credit is going away by the end of year and only for projects that have not started construction in 2010.

Question – Can the installers get an e-mail if their customer is getting a returned application? Currently the application is returned to the applicant and the letter states that they need to contact their installer.

It was suggested that we put a list of returned applications up on the website so that installers can know if their application was sent back. MM will look into this.

#1A - Expired CORE scrubs (Charlie Garrison)

Charlie reviewed the process for looking at all projects that are expired – see presentation #1A.

The BPU said that the June 7th Board meeting would have on the agenda to review the scrubs to see if more funding can be added to the existing Funding Cycle 2 budget to approve application received during the 1st few days of the Funding cycle.

Question arose about why the projects are not being completed – Tammy Gray said the majority of expired projects have been public projects and getting the funding has been the issue.

Question arose about approval process for Funding Cycle 2. Tammy Gray said that we have a process for reviewing the applications in the order they were received and those that are not complete will get mailed back right away.

Once the budget funding is completely allocated, any left over applications will be mailed back to the applicant. Tammy felt it was going to take the full funding cycle to get through the applications. We are not publishing lists on-line but we can tell what date we are going to approve through once we get closer to knowing based upon the funding received through the expired projects.

There was a question about when the FedEx applications and mail were time stamped on May 3rd. Tammy Gray discussed that they were time stamped at 11:00am. Some installers were concerned that the mail applications would be approved and not their applications but they were waiting on the line since 7:00am. Mike A. said we are going to try and get through and approve all the complete applications that arrived on May 3rd so this should not be an issue. We will need to address this issue better for Funding Cycle 3 applications.

Question – are there any major changes anticipated on the RPS – Mike A said that the new administration is looking at ways to improve any program in the state.

Mike A. also said that it is not just the RE programs that are struggling with budgets and funding. The HPwES is no longer accepting applications as we will hear later in the agenda. The Local Government Energy Audit program is stressed even with ARRA money. CHP programs still need funding.

A comment from the audience suggested that it was the political environment that is what is causing all this uncertainty in the market and is causing the programs to be fully funded.

To wrap up discussion on Funding Cycle 3, Mike A. mentioned that at the June RE meeting we will discuss further suggestions received on Funding Cycle 3 both today and via e-mail. Suggestions should focus on sequencing received applications and rebate changes.

Larry Barth suggested that we take additional written comments on changes to the Funding Cycle 3 for both the rebate amounts and the process. We are looking for ideas on how to help our budget get spread out further so more projects will be completed. We are also looking at ways to not have a flood of applications and to have a fair process of how the applications get in line to receive the funding.

These suggestions should be sent to Larry Barth and copy Mike Ambrosio.

Written comments would be needed before the next meeting.

Any changes for Funding Cycle 3 will be in a July board order.

#2 - Effect of Energy Efficiency on the Program: (Janja Lupse)

Janja Lupse discussed the changes to the Home Performance with Energy Star and the Energy efficiency requirements that are still valid for approved solar applications. More details in Presentation #2.

- Current program changes – no longer audit only incentives or air sealing only incentives
- Old incentives are no longer available for work that was not done by April 26 and paperwork is not submitted to NJCEP by 5/26.
- HPwES contractors participated in a webinar on 5/10 to learn about these changes.

Next Steps – HPwES team will provide weekly updates to the BPU and more funding may become available from the June 7th board meeting.

Energy Efficiency requirements for approved applications:

HPwES no longer has incentives for air sealing and air sealing is now based upon the BPI standards for air sealing not based upon the number of hours. New updated air sealing forms and test out forms are available on the website. Energy Efficiency requirements that were in place at the time the application was approved are still valid. Applicants must complete the EE requirements and submit the appropriate paperwork even though the work is not longer subsidized in order to receive the higher rebate.

Forms and details by application approval timeframe are located at:

www.njcleanenergy.com/renewable-energy

The energy efficiency measure page and the Application Forms pages have been updated to include these changes.

QC will be performed on a percentage of the air sealing projects.

Questions arose about the costs of the air sealing – Janja Lupse said that the costs depends on the home and how well it is currently air sealed. Mike Winka said that the customer will have to make a decision on the cost justification.

NJ Natural Gas has a list air sealing firms and also they have other rebates and incentives for their customers only.

Janja said the HPwES group is helping the RE team put together a list of interested air sealing firms that the approved solar applicants can contact.

Still need to clarify the energy efficiency requirements for the direct install program. It was discussed that some installers and their applicants are having difficulty getting contractors to do the audits because the contractors are saying the solar program customers will not do the recommended energy efficiency work. MM is working with TRC to get clarification on this and will update the web page if there are any changes.

#3- Inspections – (Mark Loeser)

Mark discussed the inspections and for more details, review presentation #3

Backlog issues – scheduling inspections 4 -6 weeks out

One main issue with why inspections are failing is that shade analysis is being done incorrectly.

Mike A. suggested that the MM team consider that for those installers that are not failing the inspections they could get moved up in the wait process for inspections. MM team would look into this.

It was also suggested that maybe the QA status can give priority for projects approved as well.

Question arose that with the inspection backlog, when do the systems start earning SREC's? It was clarified that the SREC generation start date is the date of interconnection and not the date of state inspection.

PJM-Envirotrade (Ken Schyler)

Ken Schyler mentioned that he is from PJM technologies but not from the group PJM Envirotrade but he was asked to speak about the Envirotrade initiative.

Envirotrade is a subsidiary of PJM technologies that will be implementing a monthly solar rec auction.

Concerns from the audience were that Envirotrade will have special access to the GATTS reports and customer lists.

Ken stated that Envirotrade is a separate company treated just like any other company and they will not have special access to GATTS reports – they are just another GATTS subscribers. Envirotrade will not have access to GATTS customers.

EIS website is being revamped and the system will make a list of SREC brokers and aggregators.

Advertising space will be available.

3rd party reporting will be available

There will also be auction vendor services: (under development)

- the user will determine an association between their GATTS account and any market platform
- there will be an auction subaccount
- lock and unlock the new subaccount – transfers in and out to your subaccount
- Automated REC transfers – vendors can send reports to move RECs from the sellers to the buyers

Concerns from the audience includes: If PJM EIS was going to make these database changes, why are we only hearing about this now? Why wasn't the community asked to help develop the requirements.

Ken Skyler said that there is a meeting for all subscribers on Thursday, 5/13/2010 to review these changes and get public comment. Please attend that session. Details are on the PJM website.

Ken also said that PJM the utility does not own GATTS – GATTS was developed with loans from a few states to a spin off organization which is GATTS. It is the only place

that RECs can be verified and the RPS regulation is that you report your RECs to the GATTS system.

Mike W. said that there is no contractual agreement with PJM-GATTS and the OCE. It is a FERC regulated entity and Board has no jurisdiction to tell PJM-GATTS what they should do.

The only authority that the Board has is to get rid of the PJM-GATTS. Mike W. asked if that is what we should do. Most said that the platform currently works fine and all were surprised that the NJ OCE does not have a contract or pay any money for the GATTS system.

#5 - Review of Biopower Sustainability Determination Process (Serpil Guran)

Serpil Guran from the Dept. Environmental Protection reviewed the process for getting a biopower sustainability determination so you can get a biopower project approved through the REIP program. More details are listed in presentation #5.

Overall Serpil reviewed Class I renewable resources and discussed that a Biopower facility needs to demonstrate the following:

- The generation facility meets NJDEP requirements for state-of-the-art (SOTA) air pollution control at N.J.A.C. 7:27-8;
- The generation facility's ash management practices comply with NJDEP requirements; and
- All plant matter used directly as biomass fuel was cultivated and harvested in a sustainable manner, in accordance with a management plan approved by the State environmental agency or agricultural agency in the state in which the plant was grown. If the plant matter is not used directly as biomass fuel, but is subject to alteration after its harvest and before its use as biomass fuel, this determination is not required.

To apply for this determination:

- Inform/send a letter to NJBPU OCE RE administration that you need to generate RECs with biomass to power project or need to apply for REIP incentives;
- NJBPU will forward your request to NJDEP or to expedite the process you can co-apply to NJDEP Office of Climate & Energy; and
- Provide
 - Biomass info
 - Emissions info
 - Ash disposal practices info

**Utility Program Updates:
JCPL/ACE/RECO Solicitation Update (NERA)**

June 7th is expression of interest for this latest solicitation. To be guaranteed that you can make the solicitation you must submit an SREC only registration by May 27th. The REIP application process is closed, and the MM will not be able to guarantee that a specific application will be approved in time from the large group we currently have in house. Applicants can request to remove their REIP application and submit a SRP registration. REIP applications approved prior to Funding Cycle 2 should consider participating.

You do not need an approval number for June 7th expression of interest. You will need it when you submit your bid package.

PSE&G Update – Solar Loan II & Solar For All

PSE&G – similar to last time – residential segment is growing

Looking to expand the program to accept applications greater than 500kw to 2 MW – given comments and waiting BPU Board approval

OCE Staff Legislation and Regulatory Updates (OCE Staff)

- Net Metering & Interconnection Meeting Recap
 - Distribution vs. transmission interconnection
 - Grid supply interconnection process
 - EDC issues with line capacity
 - RPS Rule Revision
 - Energy Master Plan Revision Process
- More discussions on these topics scheduled for May 25th meeting

Meeting adjourned at 4:35 pm. Next meeting is scheduled for June 8, 2010 from 1:00pm to 3:30pm. Location to be determined.

**Renewable Energy Committee Meeting -
Attendees**

Tuesday, May 11, 2010

1:00pm - 4:00pm

Board of Public Utilities
44 S. Clinton Street - Multipurpose Room
Trenton, NJ

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