

**New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
January 5, 2016**

Program Coordinator and Regulatory Updates

Marisa Slaten, Sherri Jones, Mike Ambrosio

Updates on Filings, Board Orders and Regulatory Items

Major Items for Discussion:

- The CHP Program is not currently accepting applications; however, the Office of Clean Energy is working on re-opening this Program in the near future. Mike Ambrosio will speak later in the meeting on budget reallocations to fund the existing projects in the pipeline.
- DI Program: new Program implementation method will be discussed. TRC and AEG are looking forward to re-opening this Program.

Highlighted Items on December Board Agenda:

- The revised protocols for measuring energy savings have been approved.
- Energy Storage Incentive Program also was approved. Applications can begin to be received by March 1st, in an open enrollment process with a \$3M budget.
- Board approved results on second round of long-term SREC financing.

Proposed Budget Changes

Mike Ambrosio: The main thrust of the proposed budget is to move money into CHP/Fuel Cell Program. The proposed amount matches the amount requested by applications submitted before the Program closed (\$19.7 million). A large portion of the money would come from Energy Resiliency Bank budget.

TRC is proposing to move funds within programs, as Retrofit & P4P NC applications are coming in at a pace that have exceeded the budget. Overview:

- \$3 million would move into Retrofit.
- \$2 million would move into P4P NC.
- This \$5 million is to come from DI, which leaves approximately \$9-10 million for the remainder of the fiscal year once the Program re-opens.

EDA (2nd revised Program budget):

- Green Growth slower than anticipated, no current commitments (\$3.7 million still available).
- Large CHP solicitation leaves enough remaining in the budget to cover committed projects.

Marketing contract: Not yet released. The anticipated timeframe for release is still a few months away.

Utilities have submitted a proposal to adjust their budgets. Each of the 6 utilities involved in Comfort Partners has their own budget, currently; the utility companies are proposing to move funds amongst themselves.

Question on the phone: Do you have a breakdown of funds between CHP and Fuel Cells projects pending approval?

Answer by Marisa Slaten: The list is in existence, but not publically available.

Commercial & Industrial Programs

TRC Team

LGEA Program Transition

Carl Teter: We are planning a conceptual discussion on the restructuring of the DI & LGEA Program. The proposed changes include having TRC manage audits through its own team (no longer use contracted firms). One heavy benefit of this is that it would speed up the process by eliminating the need for RFPs. The handling of applications, scope of work development/adjustment, and audit performance would be centralized.

Comment by Mike Ambrosio: It is also worth noting that the proposed process has a significant cost reduction on both the Program Administrator (PA) and customer end.

Question by Anne-Marie Peracchio: On the back end of the audit, does the PA have more ability to coach customers towards a program direction?

Answer by Carl Teter (paraphrased): Yes.

Question by Anne-Marie Peracchio: Can non-profits still participate? And what is the ballpark timeline on when Program will open?

Answer by Carl Teter: Yes, non-profits can participate—we have not proposed modifying eligible entity types for LGEA. We would like to re-open this Program sooner, rather than later.

Comment by Mike Ambrosio: It must be out by March 1st, since that is when the contract begins. Customers currently cannot apply, as contracts have ended with the audit firms (and there would be no one to perform the audit).

Question by attendee: Is this out for public comment, or is the comment period over?

Answer by Marisa Slaten: This was part of the PA bid, so it is not out for public comment.

Question by attendee: Do you anticipate using virtual audit system?

Answer by Carl Teter: We are looking at some technologies, but do not anticipate implementing a solely digital process. Obtaining the utility data necessary for virtual auditing has historically been a difficult process.

Direct Install Program Transition

The general approach for the transition, from the customer's standpoint, will remain very similar to the existing Program. Internal discussions between staff and active DI participants have shown that there is value in preserving the "turn-key" approach between customers and contractors. There has been positive feedback from customers relying on one point of contact for their projects, rather than needing to reach out to several different groups for Program items, installation coordination, etc. TRC will still be available to assist with other issues.

From a Program process standpoint, the contractors will still be responsible for much of the same work (assessments, SOW approval, collecting funds, performing the installation, and closing out projects).

Proposal:

- The installation component would bid out separately from materials, so that TRC may have greater insight into pricing in the marketplace.
- Contractors that can perform all types of measure installations for a whole-building approach are preferred.

Question by Jeff Burger: Can you confirm that [assessment] piece will still be contractor's responsibility?

Answer by Carl Teter: Yes, assessments will be the contractor's responsibility, using an Energy Assessment Tool (EAT) similar to what is used currently.

Jeff Burger: Are you interested in new and improved EATs?

Answer by Mike Ambrosio: Yes, in general, we are always looking at new tools.

Question by Anne-Marie Peracchio: Do you still anticipate a geographic distribution of the contractors?

Answer by Carl Teter: That has not been finalized. We anticipate some geographic distribution due to the nature of the Program, as there are some strengths with that. However, balancing the competition amongst contractors and lessening "monopolies" over certain areas is being kept in mind. Perhaps it would work to have a number of

contractors in certain areas to widen the choice; although, we want to avoid the customer being approached on the same project by competing businesses.

Comment by Mike Ambrosio: Related to that, we have heard feedback from contractors indicating that they cannot provide service to loyal customers through the DI Program (since they are limited by geographic location). The Program is looking to create opportunities for those relationships, perhaps by allowing contractors to service their own customers so long as every requirement is met. Creating these opportunities would require specific and thorough training (such as on the EAT, etc.).

Marisa Slaten: It is very important for quality and consistency to be maintained.

Question by Ed Hutchinson (on the phone): Where do you intend on taking the “whole building” approach? For instance, would [a contractor] need every type of light fixture—all the “nuts & bolts”, so to speak, on hand?

Answer by Carl Teter: I think we are looking at major equipment only; from a contractor standpoint, you would need to figure out whatever miscellaneous equipment needed at a given site. The idea is to drive consistency in some of the material pricing, especially for the major measures.

Follow-up by Ed Hutchinson: Who takes ownership of the equipment? Do you intend on looking at the pricing structure of every manufacturer?

Carl Teter: The idea is to establish the pricing structure, and then the contractors would be purchasing the equipment much as is done currently.

Further discussion develops here regarding whether contractors can shop around, or if they would be limited to one manufacturer. The consensus is that there should be as few limitations as possible. Hopefully, there is broad participation in the RFP to help create a pricing schedule in a way that makes sense. Contractors can purchase cheaper as long as every Program requirement is met and if the equipment, warranty, etc. is up to standard.

Statement with follow-up question from Lime Energy: Lime Energy is one of the nation’s largest firms specializing in the small-business Direct Install Program, and currently a contractor with the existing Program. We submitted a proposal of business best practices among the nation and are hoping to participate in a strategic planning process using knowledge of how the Program works in other states. Many of the issues mentioned earlier have been solved by the industry in other places. For example, one troublesome item brought up is [contractors] not having exclusive territory. In that setup, two contractors can submit 2 different proposals to the same customer. How would you prevent that?

Answer by Mike Ambrosio: In reference to the strategic planning process—as part of the RFP, you are required to submit a strategic plan. We broke ideas into 3 categories:

1. Changes that could be implemented right away.
2. Changes would take more time.
3. Longer term changes.

The Proposal was targeting a year from June, which does not leave a lot that can be changed before the Program must roll out.

Comment by Marisa Slaten: To add, the goal is to get Program up and running. More substantial modifications can be added later. Currently, stability must be maintained. Keep in mind that the current bid does not prevent modifications to a Program later on.

Question by Lime Energy: To spend remaining 9 million dollars, what is the plan to spend that? Does it involve existing contractors? Or will there be an RFP process between March and June?

Answer: There will be an RFP process between now and then.

Question by Bill Palmer: Can you confirm the Program will still be open to market grade housing/multifamily business sector? And would you be adding building envelope as a measure?

Answer by Carl Teter: Participation eligibility is not on the table for changes; we do not anticipate adding building envelope as a measure.

Question by attendee (on the phone): Will the incentive levels remain the same?

Answer by Carl Teter: We intend to keep the 70/30 split.

There is a question regarding a light fixture being added to DLC and possibly affecting labor component of pricing; Carl Teter establishes that lighting is too narrow of a focus when deciding cost-effectiveness in DI. Including all eligible measures is ideal, and pricing would reflect that broadness.

Request by Anne-Marie Peracchio: Can the Program Administrator work with NJNG as thinking develops that would affect utility Program strategy (i.e. exclusive vs. open market)?

To conclude, Mike Ambrosio mentions the long-term goal of offering financing through DI. There is another question regarding the start date of the Program, and it is confirmed by the PA it would reopen March 1st.

FY 16 Program Results *Results through December*

Retrofit:

- Electric savings 71% of goal (installed)/81% of goal (committed).
- Gas Savings 17% of goal (installed)/92% of goal (committed).
- 2,218 applications received and 1,947 applications completed & paid.
- 87% of budget committed/paid.

New Construction:

- Electric savings 23% of goal (installed)/93% of goal (committed).
- Gas Savings 43% of goal (installed)/269% of goal (committed).
- 139 applications received; 23 applications completed & paid.
- 51 applications approved (72% of goal) / 67% of budget committed/paid.

Direct Install:

Committed numbers have remained the same since TRC stopped accepting applications a few months back.

- Electric savings 82% of goal (installed)/46% of goal (committed).
- Gas Savings 85% of goal (installed)/55% of goal (committed).
- 393 applications completed & paid-55% of goal.
- 4.5M in incentive payments processed during December.
- 58% of incentive budget committed/paid.

Carl Teter commends contractors on their excellent job and strong performance in getting projects installed/paperwork submitted before the end-of-year deadline.

CHP/Fuel Cells:

- Electric savings 12% of goal (installed)/60% of goal (committed).
- Gas Savings 18% of goal (installed)/115% of goal (committed).
- 16 applications received in FY16 with 11 approved.
- 4 pending approval (within budget).
- 4 installations approved (including applications received in prior FY)

Program currently suspended for new application submittals.

- 17 applications in some stage of review or pre-approval process, with incentives exceeding current budget by ~19.8M.
- Budget reallocation out for public comment.

Pay for Performance Existing Buildings:

- Electric savings 76% of goal (installed)/31% of goal (committed).
- Gas Savings 18% of goal (installed)/115% of goal (committed).
- 26 applications received with 27 ERPs approved (59% of goal).
- 13 installations approved and 8 performance benchmarks approved.
- 68% of budget committed/paid.

Pay for Performance New Construction:

- Electric savings 30% of goal (installed)/30% of goal (committed).
- Gas Savings 29% of goal (installed)/36% of goal (committed).
- 13 applications received and 8 ERPs approved (40% of goal).
- 8 installations approved with 74% of incentive budget committed/paid.

Local Government Energy Audit:

Question by Mike Ambrosio: Do you have applications that did not make the Dec 31st deadline?

Answer by Carl Teter: Yes, there were some entities that were not able to get the RFP completed—we will work directly with them on the new Program.

- 107 applications FY16.
- 6 new applications received in December
-1 district/5 buildings and 1 Non-Profit (1 building).
- 19 RFPs approved (3 in December).
-35 buildings; 2 RFPs were involved in ESIP.
- 89 audit reports approved with 44% of incentive budget committed/paid.

No new RFPs are being approved until the Program reopens following transition.

Large Energy Users Program:

- Electric savings 31% of goal (installed)/14% of goal (committed).
- Gas Savings 0% of goal (installed)/10% of goal (committed).
- 6 new enrollment applications received.
- 1 DEEP approved and one under review
- 2 FEEPs approved (15% of goal) and 6 under review.
-1 pending AEG and Board approval.
- 2 installations approved; 2 pending with 65% of budget committed/paid.

SEP NON-IOU:

- Fully committed/spent until 1 project dropped; so remaining funds (\$20,143.99) will be on hold until DI reopens.

Sandy Relief:

- Still 375 applications committed with a \$7,901,560.53 incentive value.
- 1,628 approved for payment with a total incentive value of \$16,539,857.49.
- All should run through the pipeline within the next 6 months.

Residential Programs

Honeywell Team

FY 16 Program Results (through December)

Home Performance:

- Electric savings 75% of goal and gas savings 97% of goal.
- 3,186 single-family completions and 237 multifamily completions.

Residential New Construction:

- Electric savings 55% of goal and gas Savings 45% of goal.
- 2,654 enrollments and 1,958 completions.

Energy Efficient Products:

- Electric savings 49% of goal and gas savings 52% of goal.
- 7,130 washer completions; 1,656 dryer completions.
- 3,695 refrigerator completions and 1,135,643 lighting completions.
- 4,819 fridge recycling completions.

Fridge pickups are currently on hold until March 1.

Warm/Cool Advantage:

- Electric savings 37% of goal and gas savings 51% of goal.
- 2,173 cool completions and 8,703 warm completions.
- 10,875 HVAC completions
- 6 SEP cool completions and 382 SEP warm completions.

Utility Updates

- Comfort Partners reached their 100,000th customer installation.
- Soft launch on “smart thermostat”.
- Aprise will conduct a survey of customers’ attitudes.
- Contractor training will take place on January 27th and 28th.
- Bruce Grossman thanks all for their thoughts and prayers. He is back to work part-time.

Other Business, Next Meeting

- February Meeting Date (2/22)

Name	Company	Please check off	
		In Person	By Phone
Adams, Ben	MaGrann Assoc.	X	
Ambrosio, Mike	AEG	X	
Brenner, Marybeth	TRC	X	
Burger, Jeffrey	Willdan Energy Solutions	X	
Burke, Kevin	Honeywell	X	
DeLuca, Brian	TRC	X	
Ellman, Susan	NJNG	X	
Foster, Rebecca	Vermont Energy Investment Corporation		X
Gennello, Joe	Honeywell		
Hansen, Amy	NJ Conservations Foundation		X
Harron, Kate	Clean Markets		X
Hauber, Fred	Eastern Energy Services, Inc.		
Hutchinson, Ed	Hutchinson Mech. Services		X
Kass, Llyod	Lime	X	
Kleuver, Amanda	EFS		
Lupse, Janja	CSG	X	
Lutz, Ellen	Clean Markets		X
Magrann, Mark	MaGrann Assoc.		
Mastropasquce, Mike	Lime	X	
McShea, Anne	BPU		X
Meredith Nole	American Efficient Lighting		X
Miller, Eric	Noresco		X
Mitchell, Allison	BPU		
Paine, Karen	TRC		X
Palmer, Bill	Kamson Corp	X	
Peracchio, Anne-Marie	NJNG	X	
Pirone, Tom	Lime	X	
Procell, Adam	Lime	X	
Psihoules, Michael	National Energy Solutions Manager		X
Rahaikainen, Anne	GreenFaith		X
Rozanova, Valentina	TRC		X
Ryan, Jerry	NJNG	X	
Schmidt, Edward	MCR Group		X
Seelaus, Andy	EMC2		X
Sherako, Jill	Eastern Heating and Cooling Council	X	
Slaten, Marisa	BPU	X	
Tantillo, Cheryl	Elizabethtown Gas	X	
Teng, Elizabeth	BPU	X	
Teter, Carl	TRC	X	
Trout, Brie	Brand Cool		X
Victoria Fekete	US Dept. of Agriculture		X

Vogel, Jessica	CHA		X
Wetzel, Linda	AEG		X
Whitman, Austin	First Fuel		X
Winka, Mike	BPU	X	
Wong, Doug	BC Express		X
Zukas, Diane	TRC		X