

New Jersey Clean Energy Program  
Renewable Energy Committee Meeting  
September 18<sup>th</sup>, 2007

DH DRAFT

Conservation Services Group Office, Woodbridge, NJ

In attendance: From Sign-In Sheet: Approximately thirty-five people attending in person

By Phone: Chris Siebens, Alma Rivera, ...(approximately 5 people).

1. Introductions

Maureen Quaid reviewed ground-rules for the meeting.

2. SACP, CRA and EMP Proceedings Update

Mike Winka provided an update on the recent Board hearing on the solar market transition. He noted the Board's active interest and participation. The Board's bench amendments to the draft order are still under review and will go through legal review and then be returned to the commissioners for final approval. Signed order is expected in the next couple of weeks.

The Board has approved the 8 year SACP schedule starting at \$711 and declining at 3% annually. The Board also approved \$53 million of rebate funding to support small systems in the future. The details for the new rebate program will be developed under the 2009-2012 CRA proceeding.

Proceedings that will be started as a result of the Order include the additional securitization – discussions with financial service providers are under way. The stakeholder process will start on or about November 1<sup>st</sup>. The Board has asked to be updated on this proceeding by February 1<sup>st</sup> and May 1<sup>st</sup>. The exact time-frame for the proceedings remains to be determined depending on items such as the need for hiring a consultant. The Board has asked to be informed on the additional costs versus benefits of additional securitization.

A rulemaking proposal is due to the Board by May 1, 2008. Board Order by March 1, 2009. The rulemaking will include securitization and other issues to include, 2-year REC life, cap structure, and legacy projects, the 8 year schedule. These have all been adopted and approved by the Board, but need to be formalized in a rule-making. In the interim these issues will be addressed through the SREC-Only Pilot. The registration for the SREC-Only Pilot is extended until the rulemaking is finalized. The first year of the 8 year SACP schedule is energy year 09, which starts in June of 08.

There was some discussion about the SACP level for the SREC-Only Pilot and/or for the general market going forward. Until the final Order comes out there are still some issues that required further clarification from the bench. These will be contained in the Final Order, which is expected within the next two weeks.

The CRA hearings are now expected November/December. These will follow the release of the Energy Master Plan. The release of the Energy Master Plan is expected at the end of October with a hearing to occur 60 to 90 days after the release.

There are hearings next week on the PSE&G solar proposal, four hearing dates located around the state. Notice is on the Board's web-site.

### 3. Rule Changes (RPS, Net Metering, Interconnection)

Scott Hunter provided an update. The Board has directed staff to review potential net metering to encourage community scale systems – group net metering has been discussed with respect to wind (and potentially to solar).

A sub-group of the net metering interconnection working group has been reviewing application processes and potential changes that would be required. The Board's pending Order includes a directive to clarify details around community energy initiatives. The OCE staff recommendation is that these be moved forward through the transition rulemaking referenced above. Ideally, the relevant issues, with respect to RPS, interconnection and net metering will all be addressed through stakeholder process for input and feedback and then move through a draft rule (released to everyone at the same time) as part of the solar market transition rule-making.

There was a request for a consolidated schedule and set of issues to be addressed as part of the rule-making process. This will be issued after the release of the Board Order.

Another component of the rulemaking are caps for costs and capacity applied under the solar market transition. The Energy Master Plan is expected to forecast roughly 80,000 GWh of sales in 2020. This will be reflected in associated RPS goals. There will be caps on the RPS related to the Master Plan goals. There was some discussion about how a capacity cap might limit registration in the SREC market. It was noted that the capacity caps might be raised as long as the installed costs are coming down.

### 4. Preliminary Results from the EY07 RPS Compliance Reports

Ron Jackson reported on reporting on RPS compliance for Energy Year 07. Based on PJM-GATS retails sales were 86,588 GWh. 82,988 of retail sales were reported from the EDC's.

34,029 SRECs required based on the PJM reported sales.

SREC system – 33,255 issued, 31,682 retired, 1,538 reserved

Reported by EDC's - 29,140 SREC retired, 3,505 SACP paid.

There was some discussion regarding the market efficiency and dynamics from this year. Long term contracts and SREC owner knowledge of the market dynamics were both noted as potential opportunities for improved information flow and outreach and education on market conditions. Better real time data will help to avoid stranded SRECs. OCE staff and Market Managers are talking about how to improve the education and outreach in these areas. There was a question regarding the market characteristics of the SRECs that were stranded.

One gentleman commented that by the 15<sup>th</sup> of June this year there were no buyers for SRECs. His SRECs were finally sold at \$160 the day before the closing. He complained SACP payments need not be made under these conditions.

It was noted that the timing of final PJM-adjustments makes meeting the September 1<sup>st</sup> reporting requirement a potential market barrier to efficient purchase. The PJM reconciliation is required for final sales.

Class I RECs -

Reported sales – 1,763,803 Class I REC required.

1,846,206 were available

1,333,471 retired to date, 357,715 ACP payments were made.

Initially, this indicates a strong supply, however, there are other markets in the region for Class I RECs. The regional nature of the Class I market was noted and discussed.

Class II RECs

2,074,715 obligations

2,061,489 retired

This Friday, the OCE staff is having a stakeholder meeting to review market conditions. This June there was a jump in the Class I REC market price from \$10 to ~\$40+ / MWh. There was some discussion regarding how well the market is functioning/market efficiency as opposed to the fundamental supply and demand balances.

##### 5. Small Wind Working Group Update

Alma Rivera reported on 26 wind applications on file, 10 approved, 2 pending, 14 new wind applications. Wind model ordinance and design of the Expected

Performance Based Buy-down rebate design are continuing. There has been some outreach to the league of municipalities. Townships and mayors response has been strong during the first week with focus on community managed/owned projects. The market managers will continue outreach.

October 5<sup>th</sup> is a tentative next meeting date for the small wind working group in Trenton.

6. Clean Power Choice Update

Reviewed under the 2008 program plans and budget update (item #10 below)

7. RE Technical Working Group

Mark Valori reviewed training activities and 3 technical training bulletins. First is PV and Code training with Bill Brooks, coordinated w DCA. There is a \$100 registration fee and space is limited.

The Market Managers have scheduled 12 training sessions through the end of the calendar year. Technical bulletin #2 identifies the dates, content and location for these trainings.

Technical working group will have a kick off meeting on October 8<sup>th</sup>. Topic will be review of the NJCEP Inspector Guidelines. This meeting will be at Conservation Services Group's Iselin office. The issue of differences between the AHJ code inspection and the program inspection continue to be a concern in the field. There was a suggestion that a representative from DCA participate in this working group.

Mark Valori is the CORE program technical director and is the proper contact for inquiries regarding inspection issues.

8. SREC Only Pilot Program Update

Maureen Quaid gave an update in place of Steve Wiese the SREC-Only Pilot Program Manager. Total registration applications to date are 259 projects for 106.7 MW. The initial registrations that have been accepted to date are 56 projects for 22 MW. No final project documentation packages have been submitted – and therefore to date none of the projects are enrolled in the SREC program.

There was some discussion of the mechanisms that can be put in place to track the outstanding registrations and their status as they move through the project development cycle.

There are some outstanding issues regarding final program guidelines on entity and MW cap limits. These are discussed in the August 1<sup>st</sup> Board Order.

The Market Managers will work with OCE to post a packet to help clarify these issues and possibly identify outstanding items – by the next committee meeting.

9. CORE Program Update

Larry Barth, CORE Program Manager, provided an update. Larry reviewed continued trend of approvals, noted contributions of staff towards meeting new approval target of 50+ week. He also noted that after this week that program 08 funding will be required for new funding approval in private budget categories.

In terms of deactivations there is an upward trend with 40 projects deactivated in August. Mark Loeser, CORE Program Account Manager, is working on identifying deactivated projects and funds freed up from this process.

There was some discussion requesting that deactivation from the queue and from committed funds be tracked separately going forward.

New applications- there were roughly 350 new applications received with the latest incentive reduction. These were all appropriately time stamped, and the less than 10 kW projects will be entered into the database starting in the next week.

Charlie Garrison, Honeywell reviewed the CORE Budget Report. Uncommitted funds from the 07 budget are being drawn down for the Private Queues and for the Public non-school projects. 07 program funds are still available for Public School k-12 and Sunlit applications.

Larry reviewed the Market Manager process for requesting updated or missing information from by-pass projects. There was some discussion on visibility of program requirements for completed applications. The Market Managers are working with OCE to complete final review of guidelines and procedures that will be circulated. There may be some opportunity to eliminate delays related to updated utility billing histories.

Other topics. Certification from Department of Consumer Affairs is required to do home improvement contracts with value greater than \$500. The certification process is easily completed on-line. Larry Barth will be sending a letter indicating that installers need apply for the certification. The technical worksheets will be changed to reflect this requirement.

10. 2008 Budgets and Program Plans

Maureen Quaid reviewed high level program planning items for Clean Power Choice, Renewable Energy Certificate, and Renewable Market Development

Initiative programs. The Market Managers have reviewed program summaries with the OCE staff and are receiving comments and feedback. The full program narratives and budgets will be presented at the October RE Committee meeting.

David Hill presented and reviewed CORE program budget allocations and a recommended deadline of Oct. 3, 2007 for accepting new solar applications in the categories. There was discussion of the proposed budget reallocation that would assign a higher portion of the 08 CORE funding to the PVT-LT10kW budget category (~\$38 million) which is designed to largely be able to clear the LT 10kW Queue.

The OCE is also recommending that the Board consider directing the Market Managers to stop accepting new CORE applications for solar projects in the Private LT10kW, Private GT10kW, and Public Non-School Budget categories as of October 3, 2007. There was discussion about issues related to market continuity and particularly to forward sales that a stop in acceptance of new applications for small projects will create. The Market Managers and OCE staff discussed some of the strategies that will be used during 08 to help the market transition to the new SREC/SACP market structure, and the 2009-2012 rebate funding once that is available.

#### Next Meeting

The next two meeting dates are October 9<sup>th</sup>, and November 13<sup>th</sup> (tentative). The meetings will be held at Conservation Services Group, 75 Lincoln Highway in Iselin.