

**New Jersey Clean Energy Program
Renewable Energy Committee Meeting
July 17, 2007
Conservation Services Group Office, Iselin, NJ**

DRAFT

1. Program Coordinator

Mike Ambrosio – Applied Energy Group. Mike Ambrosio described the role of the program coordinator across the market managers and other entities that are still delivering program services – for example, such as low income and Cool Cities.

The Program Coordinators roles will include a central call center (with routing to appropriate market manager or other program implementation team), web-site maintenance, assisting OCE with drafting of policy documents and orders, assistance with tracking and reporting of budgets.

Ambrosio and AEG team have a 90 day transition period and are working to establish office space and complete staffing. Staff include Jim Nappi, Maura Watkins, and Linda Wetzel.

AEG is a Long Island based company that provides many similar services for utilities and programs in New York State.

2. SACP, CRA and EMP Proceedings Update

Mike Winda gave an update. The Board is still on schedule for an August 1st ruling on the SACP and solar market transition. Four commissioners were present at the July 11th meeting for a discussion of the issues. Commissioner Connie Hughes retired earlier this year, so there are currently four Board members. The discussion process has been used in the past to get policy related feedback from the Board to assist with the preparation of an Order. The focus is narrowing to a Tariff model and the multi-year SACP model.

The Board is considering the results of the Summit Blue Study quantitative analysis. The projected required solar resource based on new sales in 2,300 MW DC installed. The total cost estimates with current rebate structure is ~\$11 billion out of a ~\$140 billion total market. This equates to approximately 7% of the market expenditures to acquire 2% of the electricity. The current annual ACP basis was modeled at rate-payer expenditures of \$4.6 billion. The expenditures for the tariff model are estimated to be approximately \$3.6 billion, the straw proposal- with the multi-year SACP is estimated to have a cost of \$2.6 billion.

Based on a neutral discussion, without recommendations, it appears the Commissioners may be leaning to a multiple year ACP as opposed to the Tariff Model. The final

decision will be based on further policy related goals that influence the Board's decision process. There will likely be continued rebate support for some systems and also further development of support for community systems. The rebate model will be likely to follow a declining block rebate schedule ~\$55 million over four years as was proposed in the Straw proposal.

Qualification life, the Solar ACP and the Internal Rate of Return are factors that will influence the outcome. Rate impacts versus the total cost of the program are being balanced in the Board's further decision process.

Lance Miller provided an update on the Energy Master Plan. There are scenarios that being evaluated that examine lower total electricity sales and therefore less than 2300 MW of installed solar. 20% Class I resources are still required by the RPS targets. DOT, DEP, Department of Agriculture are all working to meet requirements of the new law Global Climate Response Act recently signed by the Governor. Energy is responsible for 87% to 95% of the inventoried emissions. The broad strategies are to incorporate efficiency first, that are expected to reduce up to 20% of projected consumption. A second strategy is demand response program – which by itself does not reduce GHG. Peak demand projected to be 25,000 MW by 2020. Projected reductions are to reduce peak demand by more than 5,000 MW by 2020. This still represents growth in peak, but a lower level. There is also a distributed generation proposal for 1,500 MW of CHP. The combined impacts will reduce energy to approximately 50,000 GWh from conventional fuels, down from approximately 73,000 GWh today. The largest impact is in reduced peaking natural gas consumption.

1991 Statewide emissions 121 million metric tons (CO2 equivalent), current emissions are estimated at 128 million metric tons per year, BAU forecast for 2020 is ~ 150 million metric tons. On the heating and electricity sectors the strategies identified will return to 1990 levels which is what is called for the by the Executive Order. The goal for 2050 is about 26 million metric tons of emissions. Therefore the progress through 2020 is a start toward meeting the longer range target.

The process for the Master Plan looking forward is to release study in September, plan for hearings in November and to finalize plan by the end of the year.

The Comprehensive Resource Assessment (CRA) hearings for 2009 through 2012 will establish the budgets for the rebate portion and budgets for the efficiency and renewable programs going forward. Hearings are scheduled for September 25th and October 13th. This will establish the 2008 budgets and the total funding for the 2009 to 2012 programs. The CRA Order will be completed by the end of December.

There will be an agenda item for the August Renewable Energy Committee meeting that is a more detailed discussion of the CRA hearing and staff recommendations.

The Global Warming Response Act was signed by the Governor on July 6th. The Act requires reducing emissions to 1990 level by 2020 and reducing them by 80% by 2050.

The Act establishes reporting requirements. An emissions portfolio standard is required, and an efficiency portfolio standard is an option. Staff will work on a efficiency portfolio standard hearing and look at how the markets might transition away from rebate models. The BPU is directed to develop policies that will mitigate leakage issue with respect to an emissions portfolio standard.

3. Small Wind Working Group Update

Alma Rivera, Office of Clean Energy, gave an update on the development of the model small wind ordinance. This will now be distributed to targeted local and county officials for pilot adoption.

The group's next meeting is Thursday July 26th. The morning session will discuss solutions to overcoming financial barriers to small wind (including rebate structure and required incentives), the afternoon will focus on comments to the model ordinance. A teleconference line will be available.

The Atlantic City wind project has attained a capacity factor of 30% and is performing above expectations. This is seen to be a model for moving forward with model ordinance and further community development of wind projects.

The Off-Shore Wind Blue Ribbon Task Force update was provided by Scott Hunter. Several elements of the Task Forces recommendation are under way. The environmental impact study RFP has been issued by DEP to review impacts for off shore development up to 20 miles off shore. The review process for the 3 proposals received is underway. The intent is to allow successful bidder to begin collecting data during the migration period this fall, continuing through 2008 spring and fall migration periods. The study will include Avian and other marine ecosystem impacts and will be available to permit potential developers to identify more or less favorable siting conditions.

The Commerce Department also has a study is also under way regarding an economic analysis for off-shore wind.

A pilot project, anticipated to be on-line by 2012, is expected to be approximately 350 MW. How far off-shore the pilot project will be is un-determined. Beyond 3.2 miles a federal MMS permit would be required. Factors such as acceptance and cost are being balanced.

4. CORE Program Update

Larry Barth, CORE Program Manager, provided a CORE program June Activity Report.

The volume of new approvals and complete and paid increased significantly for June 2007. New approvals increased from 28 in may to 248, representing 1,824kw and \$8.2 million in rebates.

There were 109 checks rebate checks representing 3,756kw and \$13.7 million.

Deena Diana indicated that Clean Power Markets will be processing SRECs for 2007 through the end of July.

Larry reviewed process and goal that has been established to provide rebate checks within 60 days of a passed inspection.

Charlie Garrison reviewed the July 13th, 2007 budget report. This report is a balance sheet (snap-shot) that provides an update of budget categories and outstanding commitments.

Charlie also reviewed a table identifying the status of outstanding commitments by sub-category. This analysis indicates that 90% of the approved projects are in approved status but have not submitted final paperwork and requested an inspection. This indicates that 19.8 MW of projects are under construction in New Jersey.

Maureen Quaid introduced a draft proposal for a \$0.25 per Watt DC extra incentive for Home Performance with ENERGY STAR Program participants. The qualification is the participant must have a program audit and implement measures with a savings to cost ratio (SCR) of 1.5 or more. For homes that are deemed to be efficient and not have opportunities with an SCR of greater than 1.5 can recoup the cost of the Home Performance Audit through an extra program incentive. A revised proposal will be ready for Board approval by October. Comments on the draft proposal should be submitted to the Market Manager. Comments due to the Market Manager by August 7th. Revised proposals will be reviewed with EE and RE committees at the August meetings.

A request was restated from MSEIA to convene an implementation committee meeting to review detailed technical issues that are not suitable for discussion at the RE Committee meetings. The market manager will coordinate with MSEIA to set a date for this discussion, likely to be in the second half of August. The date will be finalized and announced by the next RE Committee meeting in August.

5. SREC-Only Pilot

A program update report is available on the web-site. Two new projects in the last week. There are a total of ten applications for the program. Year to date, 4 registrants have been approved.

6. Next Meeting

The next meeting two meeting dates are August 14th and September 11th. Both meetings are expected to be held at Conservation Services Group, 75 Lincoln Highway in Iselin.