



Renewable Energy Committee Meeting

June 11, 2013

BPU 1st Floor Meeting Room - Trenton, NJ

1:00 pm to 3:30 pm

I. OCE Updates (S. Hunter)

a. Revised Straw CRA 2014-2017 (Scott Hunter/Mike Ambrosio)

- a. Scott Hunter: We've issued a revised straw; there is a public hearing tomorrow at noon to discuss.
- b. Mike Ambrosio: There are two proceedings on parallel pass. There is the CRA proceeding which will set the funding level for FY14, and the FY14 Programs and budgets. Last week staff issued a revised CRA straw proposal, and the public hearing that is being held tomorrow is on both the revised CRA and the revisions to the proposed budgets. The straw proposal does two things. One is that it now omits the lapse, if and when the legislature approves something the board will follow the law accordingly, but there is no reference to the lapse of time between the two. If you look to section 5.7 of the straw proposal, there are minor word changes. Relative to the Renewable Energy programs, initially there were \$7.5 million for the REIP Program for the SREC program, Biomass and Energy Storage programs, and the revised straw adds \$10 million to that, so the budget is now \$17.5 million. This was due to the increased SRP Registrations, the recent activity in the biomass sector, moving biomass CHP from the CHP program to the REIP program, and additional discussions with stakeholders on energy storage. There are not specific amounts assigned to those four categories, but they are the reasons for the increase.

b. Straw FY14 Budgets (M. Ambrosio)

- a. Although the budgets have changed, the compliance filings submitted by Honeywell, TRC, OCE and the utilities in early May have not changed. Both matters are scheduled for consideration by the Board at the June 21st agenda meeting.
- b. The proposed FY Program Funding shows that the new funding total has been increased to \$344 million, but there is still a carryover from old programs, so the total revised budget is \$567 million.
- c. Secondly, the Honeywell, AEG & TRC contracts all expire on June 30th so also on the June 21st agenda will be a proposal to extend those contracts. The new program administrator has been awarded a notice of intent by Treasury, but it has been challenged and the challenge is under review by Treasury.
- d. Question on phone: Can you please clarify what the "Energy Infrastructure Trust" is?
 - i. Mike Winka: We are working with the Energy Infrastructure Trust who run a bond financing program for local governments to deal with water and wastewater treatment plants. They have about \$1.5 billion in investments currently in the marketplace. They take the grant money they get from the Federal government and the repayments on their loans and they repackage that to a lower interest rate, so half the loan is the standard market rate, the

other half is at a 0 interest rate. We're working with them to develop CHP programs for water and wastewater treatment facilities and provide incentives through that same structure.

c. Regulatory/ Legislation Update

- a. Scott Hunter: At the last Board Agenda meeting on May 29th, the EDC Solar Finance programs were discussed. For Orange & Rockland, the SREC 2 program to deal with cost recovery sections was extended to October 29th, 2013. Similarly the JCP&L and ACE Solar Financing programs were extended through Sept 30th, 2013 and we continue to have settlement discussions in those three matters. On the agenda also was the Solar Loan 3 program which the Board approved in a joint settlement stipulation with PSE&G's Solar4All extension program. The Solar Loan 3 program was approved as proposed and developed through a settlement process. The Solar4All extension program was significantly changed through the settlement process. What was originally proposed as a 136 MW was reduced to a 45 MW with 42 MW being devoted to solar on landfills and brown fields, consistent with the Solar Act's subsection t.'s requirements.

d. Board Orders and Proceedings

- a. Scott Hunter: Board orders have been issued on these and circulated. We also have the schedule orders posted to the utility financing page on the renewable energy section of the Clean Energy Program's webpage.
- b. On the upcoming agenda for June 21st, we have two Renewable Energy items. One is on the Solar Act subsection q. escrow agreement that Rachel will describe in the next agenda item. The other agenda item is similar to what was done at the last agenda meeting for EE projects where the Board increased the approval threshold for Board staff to make approvals of energy efficiency rebates from \$300,000 to \$500,000. On this agenda we're asking that the same approval threshold increase be made for renewable energy projects. The renewable energy investment program's rebates from this program year and also looking forward to the grants that we anticipate making available for renewable energy storage applications and biopower grants consistent with the CRA for 2014 and the budget that has been proposed for 2014. Our expectations are going forward are that we have the ability for staff to process grant requests up to \$500,000. So we will be recommending that to the board at this agenda meeting.

e. Other items

- a. Mike Ambrosio: At the last Board meeting, the Board revised its Smart Growth policies as they're applicable to the Clean Energy Program. In the past, new construction incentives were only available in smart growth areas. The board has revised that policy so all Clean Energy Program incentives are available to any new construction anywhere in the state.

II. Discussion of the Solar Acts (S. Hunter/R. Boylan)

a. Status of proceedings; q., r., s., t.

- i. The Board came out with its order to implement subsection t. in January. That order established the process through which solar developers seeking to develop solar on landfills, brown fields and areas of historic fill could get their projects

approved. The order provides that an application is made to the Board, the Board forwards it to the DEP, the DEP makes a recommendation to the Board, the Board considers the DEP's recommendation, and then rules to certify the application or not. Currently we have 5 recommendations from the DEP (and anticipate a 6th) and we anticipate moving those six to the Board at its July 19th agenda meeting.

- ii. Subsection r. will kick in after EY 16, on June 1st, 2016. There was an extensive list of factors to be considered by the Board at that time in determining whether to designate a project as connected to the distribution system. Staff intends to have a full formal rulemaking process, but it has not been started yet.
- b. Update on Subsection s.; Board Order(s) approval, denial & deferral
 - i. The board issued orders addressing subsection s. and q.. For subsection s., applicants who had had a project that had received a system impact statement study from PJM on or before June 30th, 2011 and who filed a notice of intent to seek designation within 60 days of the effective date of the Solar Act could then be considered by the Board for designation as connected to the distribution system.
 - ii. Also in April, the Board issued 2 orders. One approved 3 projects as eligible to generate SRECs because they were complete or safely and confidently expected to come online prior to the beginning of Energy Year 2014. The other order denied 34 applications and deferred 20 additional applications pending staff development of additional criteria for evaluating them. Five motions of reconsideration were filed by the deadline of June 3rd. We anticipate an unknown number of appeals will be filed within the 45 days allotted for appealing a final Board Order. We will be bringing the Board's orders on the motion to reconsider on the July agenda.
- c. Update on Subsection q.; Board Order
 - i. The Board approved a process for applying under subsection q.. This is the only other pathway for solar projects on land that has been assessed as farmland to become eligible to generate SRECs. Either you were approved under s. or you can apply under q.. Subsection q. applies only to Energy Years 14, 15 & 16, it allows for up to 80 MW per year and it requires that the applicant deposit an escrow in the amount of \$40,000 per MW of the capacity it's applying for. In the Board's order it has opened all 3 EY's to applications for a two week period running from May 15th, to May 31st. Staff received around 30 applications, and is still reviewing them. We don't anticipate making any recommendations at the July agenda meeting on the q. applications.
 - ii. Question: What date will the 80 MW approval and the escrow issues go before the board?
 - 1. Scott Hunter: We have consistently been telling people that it should be within 90 days of May 31st, so it should be in August hopefully.
 - iii. Question: For subsection q. applications that were received for 2014. Will you be publishing the list of the order the applications were received?
 - 1. Rachel Boylan: I don't think I would anticipate publishing that list in advance of the order ruling on the applications. The logical time that would come out would be at the time the Board makes public its determination.
 - iv. Question: Can you give an update on where you are with the subsection s. deferred applications?

- v. Scott Hunter: We have to develop a straw proposal and take public comment on it. We haven't been able to do that yet. We hope to have something out in July for discussion.
- vi. Question (caller): If you have a project that has the one year period approval that has yet to expire but you filed an extension, you're still qualified for an extension under rule 2.4?
 - 1. Scott Hunter: We're still working on the process for making extension, but I'm not sure we would extend a project that is denied under s. or not approved under q.
 - 2. Caller: I thought the q. process was separate from the SRP?
 - 3. Rachel Boylan: They both need to be complied with. Each set of requirements need to be met by the applicant. Being in the SRP program does not automatically grandfather you from the Solar Act.
 - 4. Caller: Are you required to file under q. if you were qualified for an extension under 2.4?
 - 5. Scott Hunter: They are independent processes; you are required to comply with the Solar Act.
- vii. Question: When is the August meeting to determine what q. projects go through?
 - 1. The August agenda meeting is on the 21st.
- d. Investigating Approaches to Mitigate Solar Volatility (S. Hunter /C. Garrison)
 - i. Scott Hunter: We circulated today to the RE committee list a call for comments on approaches to mitigating solar development volatility. At the last few RE committee meetings we have discussed defining what solar development volatility is. We've summarized those discussions and put together a status of the proceeding. We're asking for comments on different approaches to mitigating solar development volatility to be submitted by July 1st. We'll follow the same format we did with defining solar development volatility, in that we'll invite people who submit written comments to present at future RE committee meetings for discussion. We'll take all of those comments and discussions and develop that into another document to provide to the Center for Energy Environment and Economic Policy at the Bloustein School toward going out to bid for independent consultants for analysis of the proceeding and recommendations of mitigating volatility toward developing a report that is due to the Legislature in July of 2014.
 - ii. The installed solar capacity as of 5/31/13 is approximately 1,078 MW.
 - 1. Approximately 29 MW installed in current month.
 - iii. The preliminary solar capacity project pipeline as of 5/31/13 is approximately 677 MW.
 - 1. The project pipeline decreased approximately 10 MW in the current month.
 - iv. Question from audience: I don't understand how PSE&G and GATS get their numbers concerning their metering data on the pole mounted projects. The amount of electricity that they sold on the market compared to the amount of SRECs they produced do not match up.
 - 1. Scott Hunter: The metering regime that was approved by PJM Interconnect LLC is operating and they're getting wholesale electricity and capacity payments for the installation. That data is used to create SRECs, as with all the other grid supply projects throughout PJM territory. I will ask PSE&G to come and present at a future meeting and give an update on their pole attached solar units and how the metering is working, and the whole sale energy transactions are conducted.

2. Audience member: I would like to know how the reporting gets sent into GATS in order for them to get credit.
3. Scott Hunter: It comes from PJM financial settlement market, as they do with all the other grid supply projects.

III. Program Updates

- a. FY14 Renewable Energy Program Proposed Plan
 - i. Timeline
 - 6/6/13: 2nd Revised CRA Straw Proposal sent to distribution list
 - 6/11/13: Draft Plan to be presented to RE Committee
 - 6/12/13: Public hearing (Trenton 12 Noon)
 - 6/14/13: End of written comment period (must be received by 5 PM)
 - 6/21/13: Targeted Board Agenda date for presentation to the Board
 - 7/1/13: Effective date for FY2014 Plan and Budget (unless noted)
 - ii. Update to RE Energy Program Summary of Proposed Changes
 1. The formation of the stakeholder groups for biopower and energy storage will be discussed at the July RE Committee meeting.
- b. Operations Update (T. Gray)
 - i. 628 SRP Registrations Received in May 2013
 1. 535 Registration Acceptance letters issued for 20 MW
 - a. 1 Grid Supply Project for 3.98 MW
 - ii. 742 Final As-Built Paperwork packages received in May 2013
 1. 771 SRP completions for 37 MW

IV. Update on Interconnection Issues (J. Teague)

- a. Overview of 6-7-13 NM INX Stakeholders Meeting
 - i. Scott gave an update on the aggregated net metering standards. One of the staff members from PSE&G (Jim Calore) said they were getting a lot of questions about the rules and suggested that the Board staff prepare a Q&A and post on the Clean Energy Program's website so that the language could be better clarified.
 - ii. ACE has taken it upon themselves to develop draft riders and tariffs to implement the net metering aggregation standards and what impact it might have on the EDC's. The draft is being circulated among the other EDC's so they can then present it to the staff and decide if they need to petition for any changes in the rulemaking.
 - iii. One of the questions that came up at the meeting was about the new net metering rules in subsection 7. They said it was confusing regarding the true up and they wanted more clarification. Scott said he would take a look at it with Rachel Boylan. ACE also had to review some of the rules and they were going to update their draft and submit it to the other members of the EDC's and they would also get that to the Board shortly, hopefully mid-July.
 - iv. We had a brief discussion of part two of the level one, two and three interconnection agreement forms. One question from Larry Barth was the notification of the PPA's for their signatures and identification. ACE said they would internally make some changes to meet that requirement.
 - v. The Sunrise program was discussed, which is a grant that the Department of Energy is working on with ACE and its parent company. One of the potential projects is about updating and improving the whole distribution system especially in high penetration areas.

- vi. Discussed the continuing upgrade of the voltage delivery from ACE and all the other EDC's. They want to change the +/- 4% to +/- 5% and they are in the legal discussions with their lawyers to get the proposal to the Board.
- vii. We had a presentation by PSE&G on Reverse Power Relay and the procedure developed to handle network area and spot networks notification to possible customer generators and the problem areas and how to resolve those.
- viii. At the next agenda meeting, among other things, we will discuss what happens when buildings have solar systems installed but then lose a tenant and subsequently has little or no energy usage.

V. RPS Issues (R. Jackson)

- a. The re-adoption of N.J.A.C 14:8-3.1 Environmental Information Disclosure
 - i. The rules require the disclosure of certain environmental information regarding the means of which energy is generated and is given to the public. What this law did was repeal the old rules which were onerous and didn't get the information out that was needed and simplified it to the goals of EDECA (1999). It states that the supplier/provider shall disclose the information periodically as directed by the Board through a posting of a Secretary's letter on the Board's website and we must provide a sample label that people could use to provide this information. On June 10th, we put the Secretary's letters out and they are posted on the website and it has the compliance and instructions for these labels. They will be due once a year, they will cover the Energy Year from June 1st to May 31st and then the information label will be due by December 1st of that same year. If you need further details on the labels you can look on the website where there are samples.

VI. Other Topics/New Business

- a. The next RE Committee meeting is July 9th, 2013 at 1 pm in Trenton.

Renewable Energy Committee Meeting

Attendees

Tuesday, June 11, 2013
Board of Public Utilities

1:00pm - 3:30pm

Initial	Name	Company	Phone	E-mail
X	Ackerman, Betsey	OCE/BPU		Elizabeth.Ackerman@bpu.state.nj.us
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X	Favorito, Tony	Pittsgrove Solar	(856)297-3806	tfavorito@gmail.com
X	Flett, Michael	Flett Exchange		mflett@flettexchange.com
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X	Lamb, Jeffrey	NJ Clean Energy Ventures		
X	Lanch, Tom	KDC		
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