



Renewable Energy Committee Meeting Notes

December 9, 2013

BPU 1st Floor Meeting Room - Trenton, NJ

***Disclaimer:** This RE Committee is an opportunity for stakeholders and other interested parties to have open and frank discussions regarding policy and issues confronting the renewable energy community that are within the jurisdiction of the Board. These meetings are intended to address issues of general concern. Staff cannot comment on or provide specific answers to questions about pending applications or petitions. Ultimately, information provided and positions developed during these meetings may or may not form the basis for Staff recommendations to the Board. By law, statements made by Staff cannot bind the Board in its decisions. Only the Board can make decisions on these matters at its Open Public Meetings. While attendees may choose to record or take notes of the meeting, please refrain from interrupting the flow and/or tenor of the discussion with questions that pertain to your note-taking.*

I. Introductions (J. Lupse)

Ms. Lupse called the meeting to order at 1:00 pm and asked the participants in the room and those on the phone to introduce themselves.

II. OCE Updates (S. Hunter, B. Ackerman, M. Ambrosio)

Mr. Hunter read the legal disclaimer above.

a. Regulatory / Legislation Update

Mr. Hunter said there were two items related to renewable energy that the Board approved at its November 22 agenda meeting: Interconnection application scrubbing procedures developed by the EDCs and a Memorandum of Understanding (MOU) with the Department of Community Affairs' Division of Fire Safety for a transfer of funds related to firefighter safety training.

He reported that the National Renewable Energy Laboratory (NREL) has submitted its forensic analysis of two wind turbine failures of early 2011. One of the recommendations made in the report is for enhanced firefighter training to safely fight fires in wind turbines, which the MOU approved by the Board will help effectuate. He added that the Board will also add energy storage to the types of RE systems covered by the safety training.

He said agenda items for the Board's December 18 meeting will include the presentation of the NREL study to Board before it is made public; the Fiscal Year 2014 budget true-up; the finalization of stipulations for the EDCs' SREC-based financing programs; and the certification of two Solar Act Subsection (t) applications. He added that Staff hopes to make a recommendation in January for the biomass solicitation and the Subsection (q) applications received in October under Round 2.

b. Discussion of NJCEP Program Administrator RFP / Transition Status

Ms. Ackerman said Treasury has determined the need for the evaluation process to “go back to square one.” A new evaluation committee will be selected and convened in early January to restart the process. Bidders can submit any questions related to the new evaluation process by December 16, 2013. Existing Market Manager, Program Coordinator and municipal audit contracts will be extended through June 30, 2014.

c. FY15, 16 & 17 Funding Levels

Ms. Ackerman said Staff had opted to set funding levels only for FY14 in anticipation of a new Program Administrator coming on board. Since that did not happen, Staff will start internal discussions in early January for the three outlying years. The goal is to have funding levels for FY15-17 on the April Board agenda.

d. FY14 Revised Program Plans and Budget

Ms. Ackerman said the FY14 budget was based on estimated expenses and commitments, and noted that it is now time to true up the budget and account for lapsed funds.

Regarding program changes, she noted that a minimum run time of 5,000 hours per year has been adopted as the standard for CHP systems, although critical facilities will have a minimum run time of 3,500 hours. In addition, the pre-approval requirement for Pay for Performance has been waived.

She added that authority is being requested for Staff to transfer up to 10% of program funds from undersubscribed programs to those with greater demand.

III. Update on the Solar Act (S. Hunter)

a. Subsection (q); List of Applications Received for Round 2

Mr. Hunter said that Staff has issued a spreadsheet for all applications received and anticipates making recommendations to the Board at its January agenda meeting. He also anticipates recommendations being made at that time on Subsection (t) applications. *[Note: The Subsection (q) Round 2 and Subsection (t) spreadsheets were distributed to the RE listserv and are available on the NJCEP website.]*

A participant on the phone asked how the Board would handle a situation where, for example, 74 MW had been approved for an Energy Year and the next project on the list is 10 MW, putting that Energy Year over the 80 MW limit. Mr. Hunter said the Board would have to come up with a policy of dealing with such a situation. However, he indicated there would not be an approval for any more than 80 MW in an Energy Year.

b. Subsections (r) & (t)

Mr. Hunter said Staff anticipates advancing the rulemaking with additional meetings in early January, fleshing out the criteria for applying under Subsection (r) and codifying the certification process the Board approved last January. He added that a decision must also be made on whether to make prescriptive rule changes immediately or in one package that includes both Subsections (r) & (t).

c. Investigating Approaches to Mitigate Solar Volatility (C. Garrison)

[Distributed as Presentation #1] Mr. Garrison said that installed capacity increased by 13 MW in November to 1,168.13 MW, while the pipeline decreased by 11.1 MW to 346.33 MW. The total for all

projects is 1,514.46 MW. In response to a question from a participant in the room, he said that in the future he will add fields to his reports to identify projects related to EDC financing programs and projects coming in under any of the Solar Act subsections, including the Energy Year for which the projects were approved. There will also be a new field showing the authorization to operate date. Mr. Garrison also discussed scrub rate trends and SREC prices.

IV. Program Updates

a. Discussion on proper identification of system owner (C. Garrison)

Mr. Garrison said the Market Manager sends certification letters to the system owner based on the name listed on the SRP registration form. It has come to our attention that sometimes the provided information is incorrect. He said any change in ownership must be documented on paper. Ms. Gray said the Market Manager is now getting inquiries about completed projects. In those cases, she said, PJM-GATS requires a Schedule A form transferring ownership. In cases where the original owner cannot be found, PJM-GATS will accept the form with only one signature.

Mr. Garrison proposed adding a column to the public report identifying the system owner but excluding the certification number. Mr. Ambrosio said that doing so could reveal some competitively sensitive information and suggested that the idea be distributed to the RE listserv for comments. Mr. Garrison said he should have an idea of what to do by the end of January and present it to the RE Committee in February. The goal is to provide sufficient information so that registrants can review the system owner listed for their project so they can make changes if necessary.

b. Biopower working group update (R. Reisman)

[Distributed as Presentation #2] Mr. Reisman reported that the Market Manager has submitted a draft Solicitation document to Staff based on the straw proposal and subsequent public comments. It is anticipated that Staff will make a recommendation to the Board at the January 22 agenda meeting. If approved, the Solicitation will be issued on or about February 10, with a timetable for the submission and evaluation of applications extending into mid-May.

c. Energy Storage working group update (J. Lypse)

[Distributed as Presentation #2] Ms. Lypse reported on the timeline for the energy storage solicitation. Mr. Hunter said the Market Manager should conduct a survey for biopower as well as energy storage to avoid a situation where there is an imbalance between program budgets and demand for funds. He suggested that "Demonstration of Interest" would be an appropriate name for the survey. The rescheduled ES WG meeting will be in January.

d. Operations Update (T. Gray)

[Distributed as Presentation #3] Ms. Gray reviewed monthly data through November 2013 on SRP registrations, acceptance letters, final as-built submissions and completions.

V. Update on Interconnection Issues (J. Teague)

Mr. Teague announced that notices and an agenda have been distributed for a December 11 meeting of the technical working group on interconnection. He said that 24 people have asked to participate in the

working group, but hopes to reduce that number by eliminating duplicate representatives from stakeholder sectors.

VI. RPS issues (R. Jackson)

a. Preliminary results of EY13 RPS compliance

Mr. Jackson said most solar compliance reports arrived by the December 1 deadline, although some are still missing. He noted the reports indicated a shortfall of only 750 SRECs from the 596,000 SREC requirement for Energy Year 2013. One SACP payment of \$641 was received. Mr. Jackson said cost estimates for RPS compliance in Energy Year 2013 are as follows: \$107 million for SRECs; \$38 million for Class I RECs (\$6.91 average) and \$2 million for Class II RECs (\$2 average). He noted that the 2013 costs were similar to those in Energy Year 2012, with both years in the \$140-150 million range. However, Energy Year 2014 will have an SREC requirement in the range of 1.3 to 1.57 million because of the revised RPS contained in the Solar Act, which is 2.05% of kWh sales. He projected the cost for RPS compliance for Energy Year 2014 to be in the range of \$300 million.

b. Solar Act rulemaking schedule

Mr. Jackson reiterated Mr. Hunter's earlier comments on rulemaking, noting that Staff will meet with the Board's legal staff to review the rulemaking schedule for Subsections (r) and (t). He said that while there is no firm timetable, it should happen early in 2014.

VII. Other Topics / New Business

There being no new business, Ms. Lupton adjourned the meeting at 3:05 pm.

Next RE Committee meeting: Tuesday, January 14, 2014 at 1:00 pm.