



Attached are proposed budget revisions to TRC's contract.

Please submit any comments regarding the proposed changes to:

oce@bpu.state.nj.us

with a copy to:

mambrosio@appliedenergygroup.com

Written comments are due by September 17, 2010. This matter will also be discussed at the EE Committee meeting scheduled for September 21, 2010.



September 9, 2010

Mr. Michael Winka
Director – Office of Clean Energy
State of New Jersey
Board of Public Utilities
44 S. Clinton Ave.
PO Box 350
Trenton, NJ 08625-0350

**Re: 2010 Proposed Line Item Transfers
Contract #A67053 – Commercial & Industrial Market Manager**

Dear Mr. Winka:

This letter is sent to propose line item transfers between Commercial & Industrial Program budgets. As you are aware, the SmartStart Retrofit budget continues to experience an unprecedented amount of interest, and applications. At the current rates, calendar year 2010 will see an increase in committed dollars over 2009 levels of approximately 42%. From January 1 through August 22, 2010, the retrofit program is averaging \$1.3 million in commitments per month. The program is completing (billing) approximately \$1.2 million per month. After 7.5 months, the program has completed 1,299 projects compared to 1,393 for the entire 2009 calendar year.

Currently, 90% of the 2010 Retrofit incentive budget is committed or expended. At the \$1.3 million per month commitment, the program has approximately two months worth of budget remaining (\$2.7 million) and, would have to close to new applications sometime in October.

In addition, the New Construction program is at 86% of incentive budget. Although this program experiences a much smaller volume of activity, it would be helpful to transfer \$.5 million of the Pay for Performance budget to New Construction to minimize the potential of this program becoming fully committed before the end of the year. TRC proposes that this \$.5 million be allocated to the Incentive budget.

TRC is proposing reallocating \$4.5 million of the Pay for Performance (P4P) incentive budget to the Retrofit budget. After analyzing the P4P backlog we have determined that this will leave enough cushion in P4P to meet program demand through the end of 2010 while satisfying the anticipated needs of the Retrofit program. TRC proposes the following breakdown of the \$4.5 million:

Specifically, TRC is proposing the following budget changes:



- Increase the C&I Retrofit “Rebate Processing, Inspections, Other Quality Control” budget category by \$34,702.5
- Increase the C&I Retrofit “Rebates, Grants and Other Direct Incentives” budget category by \$4,465,297.50.
- Increase the C&I New Construction “Rebates, Grants and Other Direct Incentives” budget category by \$500,000.

Finally, TRC proposes a reallocation of the remaining Pay for Performance Existing Buildings Budget to allow for the training of four additional Partners. As such, the C&I Pay for Performance “Admin and Program Development” budget category would be reduced by \$9,200. The C&I Pay for Performance “Training and Technical Support” budget category would be increased by \$9,200.

The table below shows the proposed line item transfers.

**New Jersey’s Clean Energy Program
Commercial & Industrial Program - Recommended Budget Line Item Transfers
2010**

Energy Efficiency Programs	Final 2010 Budget	Transfer to	Transfer From	Proposed Revised 200 Budget
COMMERCIAL & INDUSTRIAL EE PROGRAMS				
Commercial/Industrial Construction				
Pay for Performance - Existing	\$37,305,102.62		\$5,000,000.00	\$32,305,102.62
C&I Retrofit	\$29,609,759.59	\$4,500,000.00		\$34,109,759.59
C&I New Construction	\$6,313,711.71	\$500,000.00		\$6,813,711.71
Total Transfers:	\$73,228,573.92	\$5,000,000.00	\$5,000,000.00	\$73,228,573.92

The following tables identify the existing program budgets (Exhibit A) and the new, proposed program budgets (Exhibit B):

Exhibit A:

**New Jersey’s Clean Energy Program
C&I Energy Efficiency Program Reporting Categories
TRC’s Proposed Revised 2010 Budget**

Program	Total 2010 Budget	Admin. and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	Evaluation & Related Research
<i>(All numbers 000's)</i>								
COMMERCIAL & INDUSTRIAL EE PROGRAMS								
Commercial/Industrial Construction				689,078.00	4,520,000.00	666,690.78	107,994.00	0.00
C&I New Construction	6,313,711.71	329,948.93		754,421.84	28,700,000.00	2,214,735.04	219,322.00	0.00
C&I Retrofit	30,609,759.60	721,280.72		754,638.84	3,550,000.00	251,575.97	107,994.00	0.00
Pay for Performance New Construction	4,966,134.59	301,925.98		808,841.12	35,000,000.00	888,489.23	127,996.00	0.00
Pay for Performance	37,305,102.82	498,976.27		0.00	5,831,912.00	27,596.79	0.00	0.00
CHP	5,859,508.79	0.00		0.00	9,909,000.00	3,149,842.73	20,000.00	0.00
Local Government Energy Audit	19,232,385.46	162,442.73		10,000.00	23,114,450.00	928,268.25	127,994.00	0.00
Direct Install	24,532,976.50	352,268.25		381,712.00	564,288.00	0.00	0.00	0.00
TEACH	1,000,000.00	74,000.00						
Marketing	1,038,200.00		1,038,200.00					
Clean Energy Conference	123,866.12		123,866.12					
TOTAL C&I Programs	124,981,645.39	2,441,840.88	1,162,066.12	3,378,491.80	109,180,650.00	8,107,296.79	711,300.00	0.00



Exhibit B:

New Jersey's Clean Energy Program
C&I Energy Efficiency Program Reporting Categories
 TRC's Proposed Revised 2010 Budget

Program	Total 2010 Budget	Admin. and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	Evaluation & Related Research
<i>(All numbers 000's)</i>								
COMMERCIAL & INDUSTRIAL EE PROGRAMS								
Commercial/Industrial Construction								
C&I New Construction	6,813,711.71	329,948.93		689,078.00	5,020,000.00	666,690.78	107,994.00	0.00
C&I Retrofit	35,109,759.80	721,280.72		754,421.84	31,165,297.50	2,249,437.54	219,322.00	0.00
Pay for Performance New Construction	4,966,134.89	301,925.88		754,638.84	3,550,000.00	251,575.87	107,994.00	0.00
Pay for Performance	32,305,102.82	490,776.27		817,841.12	30,000,000.00	666,489.23	127,996.00	0.00
CHP	5,859,508.79	0.00		0.00	5,831,912.00	27,596.79	0.00	0.00
Local Government Energy Audit	13,232,385.46	162,442.73		0.00	9,900,000.00	3,149,942.73	20,000.00	0.00
Direct Install	24,532,876.50	352,266.25		10,000.00	23,114,450.00	928,266.25	127,984.00	0.00
TEACH	1,000,000.00	74,000.00		361,712.00	564,288.00	0.00	0.00	0.00
Marketing	1,038,200.00		1,038,200.00					
Clean Energy Conference	123,866.12		123,866.12					
TOTAL C&I Programs	124,981,645.39	2,432,640.88	1,162,066.12	3,387,691.60	109,145,947.50	8,141,999.29	711,300.00	0.00

We appreciate your consideration in this regard and are available to discuss this with you at your convenience.

Very truly yours,
 TRC Energy Services

Francis X. Reilly, Jr.
 Senior Vice President