

New Jersey's Renewable Energy Manufacturer's Incentive Proposal Draft 4/17/09

1. Program Description

The New Jersey Renewable Energy Manufacturing Incentive (“NJ REMI” or “the incentive”) is designed to support the growth of renewable energy products manufactured in New Jersey. This incentive was offered as part of the CORE Program, and with acceptance of this proposal, will be extended in the Renewable Energy Incentive Program (“REIP”).

The need for this incentive is in support of the New Jersey Energy Master Plan (“EMP”), and The Governor's Economic Growth Strategy, which together propose aggressive policies to establish a clean energy industry in New Jersey's economy. Despite the innovative policies which have made New Jersey one of the largest renewable energy markets in the country, there is presently only one solar panel manufacturer and several renewable energy component and product manufacturers currently operating in the state.

One of the major goals of the EMP is to “Invest in innovative clean energy technologies, businesses and workforce to stimulate the growth in the clean energy industry in New Jersey”. The EMP defines a range of tools to support commercialization of clean energy technologies including R&D support, gap funding, equity investments, and generating market demand.

The NJ REMI is an incentive to consumers who purchase solar panels and inverters manufactured in New Jersey with a rebate for panels starting at 25 cents per kW, and for inverters starting at 15 cents per kW. This incentive will be available for projects up to 500kW. The incentive will be funded from the REIP budget, with commitments not to exceed \$1 million in 2009.

The NJ REMI incentive is intended as a supplement to the existing portfolio of manufacturing programs offered by the New Jersey Economic Development Authority (EDA) to both recruit manufacturers to New Jersey, and to also help those businesses who have chosen to locate here to be successful in the local market.

2. Target Market and Eligibility

The NJREMI will offer rebates to residential and non-residential market segments that purchase solar panels or inverters manufactured in New Jersey. To prepare for the 2010 program year, The OCE staff, EDA staff, Office of Economic Growth (OEG), the RE/Market Managers/Program Coordinator and with the RE Committee will review the

NJ REMI and will decide to expand the program to include other solar components and other renewable technologies (or reduce or eliminate this incentive.)

To be eligible for the incentive, an applicant must submit an application to the REIP Program, and must be in compliance with all the requirements of this program. Both rebated and non-rebated projects up to 500kW will be eligible for the NJREMI by indicating on the solar technical worksheet that they plan to purchase New Jersey manufactured equipment.

Proof of purchase documentation will need to be provided with the final application paperwork. Rebated projects will receive the NJREMI as part of their overall solar rebate payment. Non-rebated REIP projects will be paid the incentive subsequent to the date the project has been deemed eligible to earn SREC's.

The NJREMI is not available to completed projects, or currently approved but not completed CORE Projects unless these have already applied and been approved for the CORE manufacturers adder.

3. Offerings and Customer Incentives

The segments eligible for the NJREMI are defined in Table 1 below:

Table 1. NJREM Incentive: Eligible Customer Types

Customer Type	Eligible Projects
Residential:	All residential projects less than or equal to net metering limit of the home. The maximum rebate will be for 10 kW.
Non-residential: Less than or equal to 500 kW	All non-residential projects up to and including 500 kW of rated capacity. This category includes all commercial, public, and non-profit organizations (municipalities, other governments, public colleges and universities, public schools (K-12), and affordable housing organizations). This includes non-rebated projects less than 500kW.

Incentive delivery will be provided in the form of a rebate, supported with proof of purchase documentation of solar panels or inverters from a New Jersey manufacturer. The 2009 incentive rates for each of these customer types are listed in Tables 2 and 3 below.

Table 2. NJREMI : Solar Panels

<u>Solar Panels</u>	Incentive Rate (\$/Watt)	Maximum System Size (kW)	Maximum Manufacturing Adder	Adder As % of Overall Rebate

				(a)
Residential	\$.25	10	\$2,500	14.3%
Non- Residential	\$.14	50	\$7,500	14.0%
Large Projects (b): 0—100kW	\$.12	100	\$12,000	NA
0-500kW	\$.08	500	\$40,000	NA

Table 3. NJREMI: Inverters

Project Type	Incentive Rate (\$/Watt)	Maximum System Size (kW)	Maximum Rebate	Adder As % of Overall Rebate (a)
Residential	\$.15	10	\$1,500	8.5%
Non- Residential	\$.09	50	\$4,500	9.0%
Large Projects (b): 0—100kW	\$.07	100	\$7,000	NA
0-500kW	\$.05	500	\$25,000	NA

(a) \$1.75 per watt for residential; \$1.00 for non-residential

(b) Large projects are projects greater than 50kW.

The residential NJ REMI for solar panels is \$.25 per watt, consistent with the rebate in the CORE Program. This rate is reduced for non-residential projects, reflecting economies of scale in distribution and installation costs.

For inverters, the residential rate is reduced to \$.15 per watt, reflecting the lower cost of inverters, and is consistent with the panel-inverter incentive differential (60%) employed by the state of Washington, which is the only other incentive program known which offers rebates to end customers for purchasing in-state products.

Customers who purchase both panels and inverters, either on a standalone basis or as an integrated product, from New Jersey manufacturers are eligible to receive both incentives.

Definition of a New Jersey Manufacturer

To qualify for incentives under this program, applicants must demonstrate that they propose to use products which are manufactured in New Jersey. Specifically, products manufactured with 50% of manufactured product cost including the cost of labor, overhead, components, and raw materials must be sourced from facilities located in New Jersey or alternatively products manufactured by a facility provided incentives under the BPU/EDA Clean Energy Manufacturing Program. The Office of Clean Energy will work with the EDA, and the New Jersey Department of Treasury, to develop a certification protocol, which will then be applied on a company by company basis for those manufacturers who wish to qualify their products for the rebate. An audit will be performed on an annual basis to ensure compliance with the protocols.

As stated above the OCE staff, EDA staff, Office of Economic Growth (OEG), the RE/Market Managers/Program Coordinator and with the RE Committee will review the NJ REMI and will decide to expand the program to include other solar components and other renewable technologies. In addition to the 50% test, criteria for considering new eligible products for the NJREMI incentive include: the degree to which the product is specifically tailored to support renewable energy generation, the absolute and relative cost of the product, and how other states may consider the product in their manufacturing incentive programs.

4. Planned Program Implementation Activities for 2009

The NJREMI will be primarily marketed in conjunction with the EDA, who will be able to offer the incentive as an additional benefit in enticing manufacturers to locate in New Jersey. Those manufacturers who do locate in New Jersey can then work through their distribution channels to make sure this selling point is communicated to installers and end customers.

The Program operational infrastructure will be based on the existing REIP, and will use the same systems, procedures and guidelines. The REIP technical worksheet will be modified to include NJ manufactured products as a checkbox selection, and also indicate the per watt dollar amount of the adder. Applicants who do indicate they will be purchasing New Jersey manufactured products will be required to submit an attestation indicating that they have purchased a New Jersey manufactured product along with their final paperwork, as well as provide a copy of the invoice. If a program inspection is required, the REIP inspectors will include in their protocol verification that the panel manufacturer is certified as a New Jersey manufacturer.

5. 2009 Maximum Funds

NJREMI incentives will be funded from the 2009 REIP budget up to an overall commitment level of \$1 million. This amount would fund, for example, up to 25-500 kW projects (12.5 MW), or 400-10 kW (4 MW) projects. Given there are only 25MW of annual solar panel production capacity in New Jersey at present, and given the lead time to site and construct manufacturing facilities, \$1 million is expected to adequately provide for 2009 needs. The adequacy of funding will be considered as part of the planning for the 2010 program.

The NJREMI is not treated as a separate budget category. The RE Market Managers will not reserve funds for potential NJREMI projects. Rather, \$1 million will serve as the upper limit on the dollar amount of projects the Market Managers may issue NJREMI commitments against. NJREMI commitments can only be made if sufficient REIP funds remain in each funding cycle in the residential and non-residential budget categories, and if the total commitments to NJREMI have not exceeded \$1 million.

6. Goals

As directed by the EMP and the Governors Economic Growth strategy, the goal of the NJREMI is to assist in recruiting, attracting and retaining renewable energy manufacturers and jobs to New Jersey, and in helping these companies be successful in establishing themselves in the local market. This incentive is intended to enhance the existing portfolio of EDA manufacturing incentives, but is not structured to be the primary factor in the location selection decision. In addition, the incentive is intended to help manufacturers who locate in New Jersey gain traction in the market, but is not intended to outweigh the market based factors which contribute to long term success including product quality, performance, product availability, innovation, and customer service.

7. Action Items Required to Implement the NJREMI Incentive

- 1) Modify the technical worksheets and systems to incorporate the manufacturers adder and to provide budget reports
- 2) Create an attestation form to be provided by purchasers of New Jersey manufactured equipment.
- 3) Develop and communicate a certification protocol to determine the 50% manufactured cost test..
- 4) Support EDA in developing communications about the NJREMI to support their efforts in recruiting manufacturing businesses to the state
- 5) Develop communication materials for the website to inform the industry about the incentive

**Renewable Energy Committee
March 2009**

Comments on a Manufacturer Incentive for Solar Energy Systems

Excerpted Notes from March 10, 2009 RE Committee Meeting:

Quaid said this is something that Hunter and Susan Zeglarski with EDA are working on an operational definition of "manufactured in NJ." Hunter said this was proposed in 2006 with a specific dollar amount, but never had any programmatic definition to the concept. Does assembly in NJ meet the threshold? Is there some dollar or percentage of value threshold? Winka said intention is to add this adder in a program update. Hunter said research is being conducted on other states. Quaid said two states provide state-content support: NY and VA. Several other states provide direct support (4) or tax credits (~10) to manufacturing companies.

Weisman suggests looking at state tax burden of companies. This could be implemented as a rebate-based adder. Ambrosio asks how this adder would integrate with other program limits. Winka said one proposal is to tie the adder to the SREC market. One stakeholder suggested tax credits or other mechanisms might be better than a rebate. Rebate should flow to the purchaser of the job. What if it is other components, such as racking and mounting equipment, or inverters? Another consideration is solar supply chain and installer access to NJ product.

March 10, 2009

A lot of push back by industry

Issue is as i understand it is the fear of a sole source and a company locking out installers Can we make this so the adder is available to any installer and the manufacturer can not discount any installer that wants to use nj made Also at this point the adder is easy for us to do and let continue the srec discussion as a multiplier on the backend like WA

Mike Winka, OCE

March 11, 2009

Wow, times are tough indeed.

Why would we discount an installer who wants to use our modules?

We will not sole source to anyone, and quite frankly, I don't believe that we have been approached to be a sole source!

Rick Holmes
General Manager, Integration Services
EPV Solar
8 Marlen Drive
Robbinsville, NJ 08691

March 11, 2009

The incentives used to help solar can be greatly amplified to help New Jersey secure green collar manufacturing jobs in these difficult economic times. This is possible in the following way:

If you help to fund solar projects that use out of state or out of country modules you will help local installers and create jobs. This is a great start. If you tie the program to New Jersey based manufacturers you enhance the opportunity for job creation. This program will secure green collar manufacturing jobs. To quantify this we expect 400 additional jobs and you will secure the existing jobs. By providing a "made in New Jersey" program you can help EPV Solar and the New Jersey employment situation. We are happy to sell our modules to all integrators. We have 25 MW of capacity here in NJ and can put this to good use here locally.

We appreciate your support of the made in New Jersey initiative.

Ren Jenkins
Vice President
Marketing & Business Development
EPV Solar, Inc
8 Marlen Dr.
Robbinsville, NJ 08691

March 11, 2009

We discussed another alternative approach very early in the REIP rebate development process that would help with the optics of the residential GT10 applications.

A two tiered rebate with greater incentive up to 5 kW and lesser incentive afterwards until 0 beyond 10 kW would simultaneously provide the upfront buydown needed by most small systems while reducing the REIP budgetary impact from larger systems allowing more applicants to participate.

B. Scott Hunter, OCE

March 17, 2009

Mike (et. al.),

During our conversation last week, you requested feedback by Tuesday on the Solar Alliance's position with regard to an added rebate for solar modules manufactured in New Jersey. Below is a synopsis of our experience and beliefs on the issue.

In general, we support incentives aimed at manufacturing solar products. However, we believe these incentives should not be rebate-based. In our collective experience, rebate incentives geared toward local manufacturing only reward a select few companies; limit competition (which translates into less jobs); result in higher prices to consumers and rate payers by forcing providers to use location-specific resources that may be uncompetitive elsewhere; and provide little to no long-term benefits that other more typical incentives (i.e. tax credits, advantaged loan rates, etc.) can provide. Rebates, by their very nature, are temporary and subject to regular reductions by BPU staff. Yet, the construction and operating costs of a manufacturing plant are long-term investments. We believe incentives aimed at addressing the upfront cost of setting up a manufacturing plant and the ongoing operation of such plants is a more appropriate and sustainable way to lure businesses and create jobs. Establishing incentives based on the type of solar module purchased would create bad precedent and result in disenfranchising existing NJ-based project developers that do not have access to that same product. Further, it is unclear why solar modules built in NJ should receive an added incentive whereas other typical products used in the construction of solar power systems would not. Thus, the mere definition is difficult to bound in any concrete, fair, and equitable way.

Below are examples of where programs of this type were introduced, intended to spur regional manufacturing and market growth, but did neither effectively:

- Virginia. Beginning in early 1990's, Virginia had a manufacturing tax credit that provided up to \$0.75/W for in-state product. This program was a key factor in Solarex/BP Solar's decision to site a thin film plant in Virginia in 1995. However, the program did not lead to a robust state market, and the BPS plant was closed in 2004.
- Chicago. Introduced a program for local manufacturing in ~1998. Led to a BP Solar / Spire module assembly project (~5 MW capacity) that primarily sold to city-owned projects. That plant is no longer in operation.
- Los Angeles. LADWP program, initially launched in 2000, provided an extra incentive of ~\$1.00-1.50/W for modules manufactured in LA. This led to some relatively small-scale module assembly operations (Shell Solar, Powerlight) in addition to SIT. The impact of the program was to effectively shut out non-participating suppliers, resulting in significantly higher module prices in LA than in surrounding areas. The program was significantly revamped in October 2007 to provide PBI-type incentives, differentiated by customer segment, but not by product origin.
- Washington. In 2005, established a production incentive program for small-scale solar and other renewables, with differentiated tariff for in-state manufactured product ([Link](#)). The market in Washington remains relatively small and the program has not (yet) led to large-scale manufacturing investment in the state.

In closing, most of our member companies involved in solar module manufacturing are planning capacity of 60-120MW or more, or several times larger than current NJ market. Therefore, the incentive for end customer (\$/W installed in NJ) is likely less effective than a \$/W per-unit-manufactured-in-NJ incentive or a capital investment incentive (% of installed plant cost). Before such a program is implemented, we recommend that OCE staff conduct a review of states that have tried to implement similar types of programs and analyze what benefits were gained and at what cost.

Thank you for the opportunity to offer comments on this subject.

Please feel free to contact me directly if you have any questions.

Best Regards,

Ed Merrick
On Behalf of the Solar Alliance
VP - Marketing & Business Development
Trinity Solar
800 US Highway 9
Freehold, NJ 07728
301.247.1615
ed.merrick@trinitysolarsystems.com
www.TrinitySolarSystems.com

March 18, 2009

Scott:

Just some editorial opinions below, that might or might not be of use. I could clean it up if you think ideas are worth sharing.

I'm not sure I have a strong opinion on this specific incentive (something is needed), but the last time I really participated in Renewable Committee it seemed to be most strongly made up of manufacturers and developers that all have their bias (mostly out of State firms with limited NJ interests), and not necessarily NJ rate payers or NJ/US economy.

Atlantic City Convention Center solar panels from China still has me a bit amazed (or electric vehicle batteries from overseas), seems to just tried off one form of foreign oil dependence on middle east for another. I go back to Carter and PURPA, so energy independence and economic issues, have always been as important to me as environmental ones.

Solar Energy Industry response to any favoring of instate firms is as it would be expected. Germany and Japan created markets for their solar industries to export the technologies. Spain has done similar things.

Do you know Gerry Braun at CEC PEIR, he might offer some good independent perspectives? He had met Cassandra Kling when she had your job and he was with BP Solar. He did the 10 MW facility in Williamsburg, VA area with BP defining their program with State, and now with CEC PEIR is having to deal with instate versus out of state manufacturer issue for solar. I think RESCO is in part, trying to get "user needs" more clearly defined then manufacturer or developer profit motivates.

Pandora's box distributed gen community (supply and demand-side) has opened up under deregulation in NJ and elsewhere it looks like is huge number of technology suppliers and developers all getting allied with NJ 566 municipalities and 23 counties. If I've learned anything in NJ, there are very entrenched lawyers, banks, insurance communities and politics of each municipality/county in NJ that have now discovered "green" and economic development money.

I've been more of a fan of exploring NJ forming something like a NJ solar resource development authority that could solicit bids for large volume purchases for sizable 10-100 MW scale projects serving public entities (say at military bases, FAA Tech Center, etc) and with municipalities/counties/State building be market maker for requiring manufacturing of needed volume in State. Some of volume be sold off to smaller developers for residential and other markets.

City of Vineland solar project with Connectiv, and manufacturing facility there is an old strategy that Chronar pursued as an economic development strategy in CA with SMUD/PG&E and other States years ago.....but really has some merit if done on larger scale as a State economic development strategy.

Alternatively, BPU creating incentives for utilities to serve municipalities/county and public entities in NJ with strategies that make most economic/system reliability sense of rate payers, economy and energy independence of NJ and the environment.

RESCO pilot programs might be one way to look at this in NJ, to get municipal/county/State/Federal/university acting as a counter weight to the international scope manufacturers, developers and energy companies.

George
956-979-2734

PS- Richard Hirsh of VA Tech has good history of electric industry and technology, including regulation, introduction of emerging technologies, distributed gen and such including public power in 1930's (economic stimulus related). Might want to google it. Called "Technology and Transformation in Electric Industry).

Hi Mike et al.,

I am writing on behalf of Advanced Solar Products to request that the Made in New Jersey incentive include PV mounting systems. I am aware that the current plan includes adders for PV modules and inverters made in New Jersey, but not mounting systems.

Advanced Solar Products is currently manufacturing and shipping a PV mounting system, a patent-pending design called the Solstice mount. We have already installed about 3 MW of PV systems using this mounting system. It has been very successful, and offers substantial advantages in regard to PV system cost, design flexibility, and performance. We are ready to begin a substantial expansion in manufacturing and sales of this system. This will include expanded use in our own projects; sales nationwide to the PV industry; and soon global sales with strategic partners.

ASP has been manufacturing part of the system in New Jersey, and part of it out of state. We currently are looking into having it manufactured entirely in New Jersey (right down to and including the aluminum mill), but we have also been approached by several vendors from out of state who are competing vigorously to capture this work. Some are located in states also vying forcefully for renewable manufacturing with targeted and fast-acting incentives. We plan to make a decision within a month or so regarding these choices, and it is important for us to understand whether incentives will be available for New Jersey manufacturing. Our best hope right now would be the Made in New Jersey incentives in the Clean Energy Program.

I believe that there is a sound policy justification for putting mounting systems on a similar footing with inverters. The major pieces of a PV system are modules, inverters, and mounting systems. Conceptually and economically, mounting systems occupy a similar position in the PV industry compared to inverters. The wholesale cost of inverters is generally in the range of \$0.30 to \$0.80 per watt, depending primarily on size. The wholesale cost of mounting systems is generally in the range of \$0.40 to \$0.90 per watt, depending primarily on type. Therefore, inverters and mounting systems occupy a similar cost fraction in PV systems, with mounting systems being somewhat higher (PV modules, for comparison, are about \$2.00 to \$3.25 per watt). The design of mounting systems and inverters both have a strong effect on labor cost - and this is especially true for mounting systems. The design of mounting systems and inverters also both have significant effects on PV system performance. In both mounting systems and inverters, there is a great deal of innovation going on, with new and advantageous products coming to market.

I hope that mounting systems can be included without adding much complication to the policy or the process. Due to the similarity between inverters and mounting systems in cost and other qualities, I think it would be fine if they get essentially the same Made in New Jersey incentive.

I look forward to participating in the discussion on these matters next Tuesday at the Renewable Committee meeting.

Best regards,
Lyle

Lyle K. Rawlings, P.E.
Chief Executive Officer
Advanced Solar Products, Inc.
66 Snyderstown Road
Hopewell, NJ 08525
609-466-4495 office
609-466-8685 fax
lyle@advancedsolarproducts.com

Comments on a 'Made in New Jersey SREC':

February 3, 2009

Pursuant to our meeting of December 11, 2008, EPV Solar, Inc. recommends to the Office of Clean Energy/NJBPU a differential SREC for NJ manufactured PV modules. This differential would result stimulated sales of NJ manufactured modules and essentially act as a manufacturing incentive for NJ manufactured modules. The end result would be an increase in NJ solar manufacturing jobs as PV integrators and installers purchase PV modules made in New Jersey. Essentially, it is a "buy local" initiative that also will reduce the carbon footprint of PV system installations. It is also likely that interest from other PV manufacturers to relocate in NJ would be stimulated.

EPV Solar, Inc. respectfully requests that the NJ Board of Public Utilities – Office of Clean Energy institute this policy in a manner that would be create certainty and be a significant enough attribute to stimulate consideration of NJ manufactured modules . EPV Solar recommends a BPU rule-making procedure for the Renewable Portfolio Standards be initiated for consideration by the Commissioners of the Board of Public Utilities. This policy change would be an amendment to the rules for SRECs which would create an incentive differential for NJ manufactured modules. The incentivized SREC would be similar in scope as to the existing NJ manufactured module incentive in the current NJCEP CORE Program (Technical Worksheet) which is additional 25 cents/module for NJ manufactured modules.

Specifically, EPV's research suggests that the benefits to any NJ manufactured module would be realized by reducing the threshold of kWh for the assignment of an SREC. That is:

One NJ SREC through the manufacturing incentive rule would be assigned after the generation of 850 kWh instead of the current requirement of 1,000 kWh.

Additionally, we recommend that the 25 cents/W CORE rebate continue in the 2009 – 2012 NJCEP <50kW sector rebate program so that the manufacturing incentive is offered across the board in all sectors.

Ultimately, greenhouse gas emissions would be reduced by the reduction in emissions created from the international transportation of PV modules made in foreign countries.

To stimulate the greatest number of clean tech manufacturing jobs in New Jersey, we further recommend that the NJSMI and CORE NJ manufacturing incentive consider the following criteria in determining eligibility of manufactured modules for the NJSMI or CORE incentive:

85 - 100% of module manufactured in New Jersey:	100% NJSMI SREC
50 – 84% of module manufactured in New Jersey:	70% NJSMI SREC
30 – 49% of module manufactured in New Jersey:	40% NJSMI SREC
Light Assembly of Module in New Jersey	15% NJSEMI SREC

Thank you for consideration of this proposal. Please let us know if we can provide any additional information or documentation to justify this request. If there is any formal petition process that EPV Solar needs to undertake, please contact Ms. Dolores Phillips at 609-516-3526.

March 10, 2009

As a follow up to the discussion today at the Renewable Energy Committee Meeting, EPV Solar has been doing some "due diligence" on the concept of an enhanced SREC for solar PV projects

that use equipment and technology manufactured in-state. **Please see the e-mail below in which the GATS administrator at PJM-EIS has indicated that it would not be difficult for PJM-EIS to modify its solar module in GATS to accommodate the proposed enhanced S-REC.**

We are aware that some states or parties are using the term "multiplier" for the general concept we propose, but instead of additional S-RECs for 1000 kWh of solar produced with in-state manufactured modules, we are simply requesting that the *enhanced* SREC be accrued after 850 kWh of production. In other words, solar generators using in-state made solar modules would accrue S-RECs at a faster rate than solar generators using out-of-state modules or equipment. This enhanced SREC could be applied to any project using in-state manufactured renewable energy equipment, whether it be for small wind systems, non-EPV Solar modules, etc.

While rebate adders are attractive for the short term because they are quicker and easier to implement, we do not want efforts to promote or strengthen the rebate adders to take away focus from the more important longer term goal of implementing the enhanced SREC. The reason is that the enhanced SREC will have a much bigger impact on the marketplace because large commercial and utility scale solar projects could benefit from the enhanced SREC, whereas the rebate adder would not assist in developing those large projects. Despite the vibrant and successful solar market New Jersey has experienced in the last 5 years, there have been virtually no solar projects of 2 MW or more realized, to the best of our knowledge. Yet clearly we need some of those very large projects to reach the RPS targets, especially if the RPS is accelerated or strengthened in some way in a few years, which we see as increasingly likely.

In closing, please keep the e-mail below in your records and feel free to share it with BPU authorities when they question the feasibility of an enhanced SREC for made-in-NJ product. This e-mail indicates that it is feasible from a technical standpoint from the GATS perspective.

Vincent O'Grady
Operations Manager, Integration Services
EPV Solar, Inc.

From: lukacj@pjm.com [mailto:lukacj@pjm.com]
Sent: Thursday, December 18, 2008 8:53 AM
To: Vincent O'Grady; GATSAdmin@pjm-eis.com
Subject: RE: S-RECs in GATS question

Vincent,

I was able to talk internally regarding your requests below. We do not believe that the changes to the system would be that big to implement. This would required a state requirement for this change to happen. So if requested by NJ then we could implement this enhancement if they felt it was a necessary change to the system.

Thanks.

JACLYNN LUKACH
GATS Administrator
PJM EIS

Ms. Lukac:

As you know, New Jersey, through its Clean Energy Program under the BPU, is transitioning away from its solar rebate program into an S-REC only model in which GATS will be the S-REC

trading platform instead of the one managed now by Clean Power Markets (under contract to Nj Clean Energy Program). (Technically some rebates will still be available but only for homeowners under 10 kW).

As part of the rebate program, there was an added rebate amount for projects that used solar modules manufactured in the State of New Jersey.

That additional rebate amount for NJ manufactured modules was \$0.25 per watt, but without a rebate program anymore, that incentive has disappeared.

As a substitute for that lost incentive for in-state modules, we have been speaking to officials in the NJ Dept of Environmental Protection, the Clean Energy Program, and the state legislature about an additional S-REC value, say \$.05 per kWh, or \$5 per S-REC, for New Jersey solar projects that use NJ-produced solar modules. There is some receptivity to the idea, but before we advocate in support of it at a larger level, we want to know if the solar-specific module of GATS would be able to handle a special category of data entry and record keeping for solar projects in NJ that have this extra S-REC-related incentive based on the use of panels manufactured inside the state?

If the GATS module for solar does not have the ability to add this extra bonus for NJ made modules at this time, how difficult and costly would it be to add to that feature in the solar module of GATS?

Vincent O'Grady
Operations Manager, Integration Services
EPV Solar, Inc.