

**New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
Tuesday, August 10, 2010
hosted by TRC-BPU, Trenton**

Attendees:

Roger Kliemisch, TRC	Bill Holmes, SJG	Toria Williams, Honeywell
Brian Deluca, TRC	Deane Evans, NJIT	Yannorira Orfie, Honeywell
Ashley Miller, TRC	Sharon Wolfe, BPU	Don Swift, CSG
Brian Dolan, Intellidyne	Maria Grazul, CSG	Julie DeSeve, CSG
Serpa Guran, NJDEP	Kimberly Hoff, CSG	Andrew Fisk, CSG
Joe Gennello, Honeywell	Steve Hambric, OPower	Gregory Seitz, NJNG
Dave Wolk, Honeywell	Mark MaGrann, MaGrann Ass.	Bob Kudrick, NJNG
Brian Bovio, Bovio AC	John Donohue, HFMANJ	Mona Mosser, BPU
Mary Jo Boyd, CSG	Tom Pecora, Honeywell	Tony Pugliese, ETG
Stelli Munnis, SunPower	Gwen Drowse, NMFA	Sam Valora, SJG
Mike Winka, BPU	Mike Ambrosio, AEG	

Via Phone:

April Guillerme	Ronald Reisman, BPU	Darren Molnar-Port, DCA
Jim Price, Freedom Solar	William Holmes, SJG	Spencer Hamilton, Shore
Diane Zukas, TRC	Marianne Graham, EPA	Green Energy
Joe Carlamere, TRC	Ben Jackal, TRC	Don Flynn, TRC
Joe Navarra,	John Malanga, TRC	Scott Schoen, Beehive AC
David Hoh, DH Services	Rachael Fredericks, PSE&G	Jay Murdoch, WellHome
Fred Hauber, East. En Svs.	John Donohue, Fuel Merch	Jim Ianello, Alpine Heating
Kurt Lewandowski, NJ RPA	Walt Sparrow-Hood, PSE&G	& Cooling
Arthur Pearson, E Cubed	Chris Bitters, EnergySolve	
Rich Valentino, White Gate	Diana DeAngelis, ACE	

Introductions

Program Coordinator and Regulatory Updates

(Mike Winka, Mona Mosser and Mike Ambrosio)

Updates on Filings, Board Orders and Regulatory Items

- o Members of the Board cannot meet in public to discuss topics being put forth to the board, if they choose to do so it should be considered an open forum
 - o The Board is currently discussing the future structure of the administration of the NJCEP
 - o Looking at different options
 - Continuation of the current structure to hire people to run the program
 - Transition of the program back to the utilities for regulation
 - Potential of a not-for-profit to run the program (HMFA)
 - Variation of an energy efficient utility that is operational in other states

- o Staff is exploring those four options as well as others and will put forth a straw proposal
- o Goal is to have something before the board by sometime in September
- o Energy Master Plan meeting taking place end of this week and then at the end of September
- o Is there some time when the funding can cease, maybe more on the loan side to phase out the rebate portion of the program
- o June budget order was approved and those changes are now in place
- o Re-opening of the REIP program and Home Performance
- o Additional funding from that order, a reallocation of the SEP ARRA funding, it can be used to keep programs going so that we don't cross a supplanting line
 - o NJNG/Elizabethtown/SJG are waiting for approval for their additional funding they are attempting to provide
 - o Hoping to keep programs afloat until the end of the year
- o DOE approval of the ARRA funding spending
 - o Honeywell wasn't aware of this until yesterday afternoon but they are doing what is necessary to accommodate; they need to change some operational things around to support the changes
 - o Non-IOU for LGEA, DI, Home Performance with Energy Star are supplemental
 - o DI-need to spend/commit the 17 million prior to actually spending the ARRA funding
 - Includes administration
- o 2011 Programs and Budgets
 - o Staff was given a strong message that there are going to be new concepts that will be considered, or making some of the funds available for grants (see above)
 - o Funds being spent on items other than rebates needs to be cut substantially, and that spending is about 30 million which could relate to the types of programs and what it costs to run them
 - For example, new construction programs are expensive to run, is there a way to simplify some of the tasks required for the program
 - Staff has challenged the market managers to reconsider the costs of the programs and the current structures and to think outside the box
 - o Proposed new funding allocations for 2011 will be released but the actual date isn't confirmed 319million approx for 2011
 - Based on the way the programs are running this year with most of them being suspended or discontinued
 - Residential EE-59million
 - Low income-20million
 - C/I EE-79 million
 - Grant Programs-23.5million
 - RE-22million
 - OCE oversight-6million
 - EDA-33million
 - State appropriation-77million
- o Comfort Partners Funding and Reallocation
 - o Utilities approached the board about boosting participation in the program and things were coming along fine through May and it took off in June
 - o Cost and number of projects are going up and they approached the OCE about how they may have to end of suspend this program because of funding issues
 - o Need about 3 million to keep it going through the end of the year at the current rate

- Unspent/unallocated CORE program money could be allocated to the CP since it's been closed for about a year and a half
- It's on tomorrow's agenda for the board meeting, comments are asked to be in by close of business today. The floor was opened for comments.
- Rate Council-reserve the right for Rate Council to make comments
 - Proposed changes are included in the notice
 - Only proposal is that at the end of 2009 they increased the seasonal allowance and that increased the spent per home and suggested to monitor the spending and then possibly change it back to a lesser spent per home dollar amount
 - Does this have any relation with what is going on with Home Performance? No, there is a greater demand and the contractors are having to put out more effort they're just being requested more so
 - Board staff has encouraged the utilities to ramp up business
 - CP increased its per home amount to match the Home Performance increase
 - Utilities are going to speak to DCA about doing some of the work that CP does
 - Looking for DCA to only do the furnace or does it matter who does the job?
 - We don't know about the situation with the house until the audit is complete, so a good portion of the work is with the contractor, but since we're over spent with state money it give the possibility with the federal money maybe refer some jobs to DCA

Residential Program Updates

Honeywell Residential

- Over 3500 applications in process-CA
- Over 3500 application in process-WA
- DOE SAID WE CAN SPEND ARRA MONEY FIRST WITHOUT SUPPLANTING and that goes for TRC too
- With Residential New Construction, the market is tight so people are even applying to HMFA for helping bridge a funding gap
 - 2211 completions for residential NC
- How have things gone since HP reopened?
 - Volume is still low and not seeing as much coming in since the program reopened

Home Performance Updates

- Numbers in handout are for funding cycle 3
- 513 approved loans and pre-approved 517 loans which didn't begin until the beginning of the funding cycle
- Response from contractors
 - Bovio-AC contractors were fortunate enough to have a good summer with the hot weather, and getting in to the proactive approach now that the program is open again and now they can continue to mention it to customers and the volume should increase
 - Incentives are down and with the enhanced rebate programs with NJNG and SJG that should help but the customers need to spend more to get more back
 - \$1900 is available in NJNG territory with heating/cooling combined rebates

- o The applications are being approved same day as received and then getting sent to Honeywell for payment? Inspections are scheduled/processed 10-15 days with receipt of completion of project and then an additional 30 days added if project is sent for QC inspection
 - CSG adding staff to bring down the turnaround time for the projects from application to payment from 4 weeks to 2 weeks
 - Trying to reduce the amount of applications that require QC inspections or possibly even adding more QC inspectors
 - Targeting two weeks, 4 weeks is pretty standard within other programs so they are striving for a quicker turnaround
 - Currently at a 16% failure rate for QC so QC inspections should continue to be required at the rate they already are until the work improves?
- o Loan approvals from EFS are being processed daily
- o How long from beginning to end to completion of the process?
 - 7 weeks
- o Look at ARRA slide on HP slideshow
 - ARRA has additional reporting requirements that they are trying to accommodate since some jobs began as OCE jobs and are now transitioning to ARRA jobs, trying to find the best way to populate the ARRA applications without asking the customers to fill them out, would take too much time
 - Spend date of 20% of total grant by end of September
 - Contractors still have issues with the time it takes to be reimbursed for the money they're putting up front for projects, so they may be hesitant to partake in the program again with the possibility that they would have to hold out about 120 days or so without being paid, and that times how many jobs they have taken on
- o 2011 Suggested Program Enhancements
 - o Residential EE plan slide handout
 - o SDHW (solar domestic hot water heater)
 - o (HVAC) Warm rebates may be driven by the enhanced rebates available from the utilities so they should continue to follow the utility enhanced rebate programs that they plan on having for 2011
 - o Tier 2 Transitions to Energy Star Version 3 of NJ Building Code Plus 15% (under RNC slide)
 - Proposing a single incentive to eliminate the builder progress payments for different stages of a project
 - Establish a customer incentive rather than a contractor incentive
 - If a customer reaches tier 2 then it would initiate a customer incentive rather than a contractor incentive
 - This is a big jump for the builders, and it will up costs about \$2-3K per project
 - Affordable housing market is a big part of what is happening today in NJ
 - Is this housing rental? If so, who does the money go to then?
 - Confusing time with these programs and who is transitioning and who is combining programs
 - 2012 code will be 20% more efficient than the 2009 code until we reach carbon neutral in 2030

- Nobody is looking to get rid of a good program, just looking for a transition to customer rebates since this discussion has been going on for a few years now, we need to expedite this talk and come up with a solution....if transitioning over to customer rebates will kill the program let OCE know
- Scale back Tier 3 (Climate Choice)
 - Reduce the number of units and keep the incentive amount where it's at, it is a pilot program
 - Majority of the units we do work with are multi-family rentals, so in this case the developer receiving the incentive would be more beneficial
 - Reducing the administration is one of the goals so extra paperwork wouldn't help this along
 - Who is the owner getting the incentive?
 - Consumer incentive-look at surrounding states to see what their programs for this involve
 - The energy star rebate check would arrive to a customer or new homeowner and they wouldn't know what the check was for, so apparently it didn't affect the sale since the homeowner wasn't even aware of it
 - Energy Star homes program has been around for years so it wouldn't hurt to shop around at other programs to see how they focus their payments
 - Rep from Energy Star-willing to do some back work on other states' programs and to get some suggestions
- If HomeStar is enacted, need a detailed conversation about can both programs work side by side (HP and HS)?
 - It could be additional money for the same work potentially
 - A planned working session may occur on how HS and HP would work side by side
 - Continuation of this conversation will be held separately

Commercial and Industrial Program Updates

- Pay for Performance-Part of EPA's Building Performance with Energy Star
- 2011 Suggested Program Enhancements (slideshow)
 - Discontinue TEACH program
 - Resources available from TEACH, would they still be available?
 - There won't be the education part for the students but the school buildings can still be benchmarked
 - Buildings with incentive caps, should we reconsider caps for certain projects if they have ARRA dollars to be spent?
 - Explore DOE/SBA funding to finance customer portion of payment???
 - What we do here has to be similar to EECBG 2 for next year. We need to continue developing the enhancements to coincide with EECBG 2
 - TRC can propose EECBG 2 guidelines?
 - Possibly implementing more measure for DI such as thermal shell measures
 - Want to make DI a more holistic program
 - Maybe implement gas measures that use bigger equipment
 - Develop the market-based approach-SmartStart

- Is it time to change it or not? It's been pretty similar for years and years now so maybe it's time to change something if the effectiveness isn't what it used to be
- Something needs to give because with everything TRC is proposing it doesn't seem possible with only \$80 million
- LGEA is an expensive program to run so is it still necessary? Munis need direction and help in deciding where to start for their energy efficiency upgrades and projects
- How can we cost and time effectively on both our part and the munis get them in to the right programs for their size and usage?
- Focus on why there is an increase to retrofit applications this year when thinking about next year's SS program and guidelines
- Pay for Performance
 - Third party financing - was there a barrier in the public sector market in order to leverage this?
 - This would help munis that don't have the funding to act on our programs so they wait, and if they wait too long the money might run out
 - Trying to provide more options for them to choose from rather than pulling from their own budgets
 - ESCOs? ESIP?

Other Business, Next Meeting

- September 21 and TRC hosts at CSG offices in Iselin
 - Looking for more detail and a rough draft on budgets and programs