

**New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
Tuesday, March 10, 202008
Hosted by Honeywell - CSG/Iselin**

Attendees:

Mike Ambrosio (AEG)	Michael Winka (NJ BPU)	Mona Mosser (NJ BPU)
Dave Wolk (Honeywell)	Anne-Marie Peracchio (NJNG)	Julie deSeve (CSG)
Dawn Chaplin (Honeywell)	Steve Norman (TRC)	Linda Wetzel (AEG)
Brain DeLuca (TRC)	Deane Evans (NJIT)	Kimberly Hoff (CSG)
Maria Grazul (CSG)	Brian Bovio (Bovio Heating)	Ben Adams (MaGrann)
Yennaira Ortiz (Honeywell)	Gabe Nathanson (NJHMFA)	Joe Gennello (Honeywell)
John Zarzycki (BPU)	Fred Hauber (EES)	Jeff Miller (QuadrillionSolar)
Chris Bitters (EnergySolve)	Mary Sheehy (NJ Green Homes)	Rick Marx (EAM)
Paul Madden (SJG)	Brian Dolan (Intellidyne)	S. Lynn Sutcliffe (EnergySolve)
Jill Sherako (EH&CC)	Owen Hyland (AEA)	Dennis Wilson (Renewable Power)
Sherri Jones (BPU)	Sharon Wolfe (BPU)	

Via Phone:

Roger Kliemisch (TRC)	Chris Granda (VEIC)	Tom Pecora (Honeywell)
Paul Gibeault (Speizle)	Pete Curtice (Positive Energy)	Elaine Bryant (PSE&G)
Diane Zukas (TRC)	Jason Kliwinski (Speizle)	Tom Donadio (JCP&L)
Max Chang (Rate Counsel)	Darren Port (DCA)	Julia Taylor [Isles]
Ruben Brown (The E Cubed Co)		

Introductions

Program Coordinator and Regulatory Updates

Presenters: Mike Ambrosio and Mike Winka

1. **State Economic Stimulus Filings** - All 7 utilities have filed for expedited utility infrastructure improvements and energy efficiency initiatives with a focus on creating and maintaining jobs.
 - a. Filings to supplement and compliment with New Jersey's **Clean Energy** Programs.
 - b. Board targeting June agenda date for action on the filings.
 - c. Information can be found on the BPU website.
2. **Federal Economic Stimulus Package** - Signed into law 2 weeks ago. Overall, no clear, defining rules as of yet.
 - a. Per Mike Winka it is an estimated \$100M through the state energy program not counting the money available for assistance or block grants for government entities. Estimated that the first block of money, \$30M, could be available as soon as April 1st. However, still getting clarity on amounts, timing and if we need to spend it all or at a minimum access the money to be able to move onto the next block when available.

- b. NJGREEN – Per Mike Ambrosio we are currently reviewing options, proposals and alternate proposals. Believes this will be on agenda for April 3rd.
- c. Mike Ambrosio challenged stakeholders at last meeting to start looking at new ideas to spend new money and to focus on the programs that already exist and focus on spending the money we do already have. In other words, how do we modify the programs to increase the production or add on other elements...program components that could be throttled up or down based on spending - be able to quickly change.
 - 1) Market Managers did receive feedback. Suggestions/ideas is what today's presentations/discussions are about. Following today's meeting Staff will be meeting with TRC and Honeywell to work together to make changes to fully extend the budget for this year.
 - 2) Need to float the ideas that were put forth and give feedback. Prepare recommendation for the Board.
 - 3) Ideas have already been discussed with Staff.
 - 4) Goal to present to the Board by April 3. Need filing well before the end of the month in order to hit April 3rd goal.
 - 5) Reiterated that we spent significantly below the budget last year. This year's budget close to twice as much as what we spent last year. Noted, that in fairness, new programs and contract mods did not get signed until late 3rd quarter last year and that some programs that are just kicking off right now.

C&I 2009 Program Enhancement Ideas

Presenter: Roger Kliemisch

- 1. **Incentive Payments** – Goal here is to try and jump start contractors by speeding up a portion of the SmartStart incentive payment to help ease cash flow challenges that sometimes occur. Overall what we are trying to do is fix the issues that occur with creditors as one of the barriers is they can not start the next project until they get paid for the first project.
 - a. 50% of estimated incentive paid upon verification of equipment purchase (paid invoice submitted and verified).
 - b. Cannot exceed cost of equipment
 - c. Remaining paid after install is verified.
 - d. Mike Ambrosio – Would like to hear feedback on this. Noted that one of the potential concerns that staff raised was that money provided up front before project completed may be too much of a risk (i.e., if project does not get completed). What kind of protections can we put in place to reduce risk? One idea is to wait until construction happens, however it was stated this may not work with our overall goals.
 - e. Fred Hauber - Noted expressed concern/asked that if the business had credit concerns why would we do this? Wanted to know what the logistics would be (e.g., such as pay out time frame).
 - f. Lynn Sutcliffe - Noted that paid invoice seems problematic and may not get to the heart of the issue. Noted the idea of where money could be pledged to the equipment supplier - it may free up the credit, but then there is delivery and problems of the completion of the work. At least then the money goes to supplier and not in the hands of the contractor.

- g. Frank Reilly noted that the purpose of this is to establish cash flow on the projects and that we do not want to overcomplicate the issue.
- h. For contractors doing business as usual, this is a great thing. For those in some kind of trouble, it's risky. Perhaps doing it on the paid invoice is fine as it has no risk.
- i. Mike Winka – Maybe having a list of contractors in good standing is lessening risk and a good procedure.
- j. Ruben Brown – Commented that there are a lot more marginal players now, then there were 6 months ago due to the economy and we should look at our standards. If you have an enormous influx of funds we may want to consider reaching more.
- k. Paul Madden – Perhaps a Letter of Credit, restocking fee process? Comments made though that right now people aren't getting credit.
- l. Mike Ambrosio said that the rebate is from a state fund and having a contractual agreement between installer and state we may not want to do....how enforced? who owns?
- m. Lynn Sutcliffe– Suggested a process for accelerating the rebate and it was well received by the group, including Mike Winka.
 - 1) Detailed as we would put in for the check payment, but hold the money until work is actually completed. The cash is then on hand when they submit the final invoice. Overall this addresses the acceleration issue. Need to get Treasury's buy in on this.

Note: Suggested to apply this acceleration process to other programs. May not work for all, but may for some.

Note: Mike Ambrosio advised that the Board recently voted on a process to extremely speed up the invoices. Process should knock several weeks off the current process. Hopefully going to payment within close to 90 days.

2. **Increase Incentives for a Limited Time** – Overall goal to drive more customers and contractors to move ahead with already planned or stalled projects.
 - a. Increase by "X" percentage as long as completed within a specified time period. Percentages are open for discussion.
 - b. Customers who have applied, but not completed their projects within past 30 days would be eligible.
 - c. Noted that we currently have applications that we need to decide upon on how to handle once we have decisions made.
 - d. Fred Hauber – Questioned about the various programs that have been filed. Specific comment made that we should still have some risk for the customer as it seems we are getting to the point of almost no risk and perhaps we do not want to get to that point.
 - 1) Mike Ambrosio - We have a number of utility filings that will also increase the incentives that will hopefully go in effect in September. Clarified that we are only talking about SmartStart here and that the question is, is it every technology or some that should possibly be considered for varying the percentage?
 - 2) Fred Hauber believes it should be varying and should adjust accordingly. Advised he already created a list already based knowing what he pays for stuff everyday

based on avg. prices (e.g., lighting, heating units, renewables). Mike Ambrosio requested that Fred post list to the Energy Efficiency listserv.

3. Local Government Energy Audit

- a. Change the cap to drive more audits and installs for larger entities.
- b. Opening to colleges, universities. Noted that some universities have already approached TRC.
- c. Mike Winka – Going to talk to John Rhodes about funding directly from Treasury and if not, we will look at this for the program.
- d. Mona Mosser asked why the MUA's were not separated. Roger says they had not really seen any so that is why they did not include.
- e. Mike Ambrosio noted have previous version were different and now anyone can get \$150,000. Roger responded that about 80% fall into the first tier of the \$150k, so this is the start. Mike Ambrosio believes it is easier to see and for appearance reason if we simply say what the cap is, but then say there are additional plateaus if you need it. Roger is going to revise.
- f. Current cap is \$100,000. Noted that one school system came in with 83 schools and this obviously was not enough (not that they would be able to do all 83).

4. VFD's and Motors

- a. Point of purchase incentive to eliminate installation step for incentives. Process upon proof of purchase and not after install. Noted that a lot of people buy and put in storage as they do not want to wait until something actually breaks down. Since most break downs are emergency situations, we are trying to eliminate the install step. This allows them to buy and keep in stock until they need. Similar to the old Motors Up Program.
- b. Fred Hauber says a lot of these are specialty motors.
- c. Approximate dollar value on the incentives for motors is \$60.00.
- d. Lynn Sutcliffe - What are you going to do to avoid a black market potential? Frank Reilly advised that there would be controls in places such as obtaining serial number and account number for the install; he believes that is what Motors Up does. Mike Ambrosio stated that there would be conditions to the incentive that they cannot resell. Additionally, there would be some sort of QC to ensure they have what they purchased. Overall, we need to build procedures.

5. New Technologies – LED

- a. Increase prescriptive incentive for LED parking lot lighting from \$43 to \$77.50. Noting that the \$43 has not really moved anyone.
- b. Mona Mosser asked what percentage of incremental cost? Quick estimate on average is perhaps \$200 - \$300.
- c. Mike Winka asked if they are on the EPA website as certified. Fred Hauber advised that they are too new. Mike Winka advised we may want to place this as a requirement to weed out the lower quality items. Mona Mosser agreed that we should have some kind of quality standards.

- d. Ben Adams– Advised to take a look at ENERGY STAR ® because they look at both residential and commercial..
 - e. Mona Mosser advised they should talk to Chris Granda or Pedro Cabrera.
 - f. Mike Ambrosio instructed Fred Hauber or anyone else to provide TRC with a different number if they do not believe the \$77.50 is the right new number. Chris Granda says he can help.
6. **New Technologies – Refrigerated case lighting – Brain DeLuce**
- a. Standard incentive of \$85 per 5' or 6' door. Proposed structure will be easier to handle as they are currently doing each app by customer. Mike Ambrosio advised to no longer do by custom.
 - b. Advised that they have about 20-30 apps already and are expecting another 80.
7. **New Technologies – Compact Fluorescent Lamps** - Trying to get it approved under commercial as a measure. They have calls in's with Honeywell. Trying to get an incentive at the right level. Overall status - coordinating with Honeywell.
8. **EnergySolve Pilot Program Proposal - Lynn Sutcliffe** – Proposing a pilot program meant to promote/encourage the use of a new technology at small commercial facilities. They executed a similar program in southern California through the Innovative Design in Energy Efficiency Activities (IDEEA) program).
- a. Mike Ambrosio – The proposal has been under discussion and assuming we want to support, there is difficulty in time frames, contract mods, etc. and asked if this could work as a rebate. Lynn said yes, but without the procedures and structure of their program it is not capable to know where the CFLs would go and no guarantees they are going to where they say they are going to go or for the length of time they are supposed too which defeats some of the purpose of the program. Also for ease for customers the pilot program as suggested is run by EnergySolve lessening work for customers (i.e., could confuse the process). Mike then asked if there are procedures that we could put in place if we were to go to rebates and it is believed that it is possible.
 - b. Frank Reilly believes National also has.
 - c. Lynn Sutcliffe – Believes there is a job creation and job retention impact for this pilot program.

Residential Efficiency 2009 Program Enhancement Ideas

Presenter: Joe Gennello, Ben Adams, David Wolk, Julie deSeve

Energy Efficiency Enhancements – Goal is to look at potential enhancements while reflecting the current economic conditions. Enhancements to increase participation and job opportunities and be quick to market and sustainable. Need to be easily understood by customers/stakeholders. Increase savings for 2020 goal. Ideas are not to solve everything, but certainly not to bottleneck progression.

- 1. **Residential New Construction – Ben Adams** - Currently the incentives are directed to builder. Consumers are only reached through marketing.
 - a. Adding a direct rebate to consumer. We believe this will impact the state of the declining market and will address the inventory of ESH currently waiting to be sold.

- b. Having it be a percentage of home with cap.
 - c. Having it be a fixed amount. Example: We expect about 4000 homes this year, so if at 1000, this would be \$4M in costs.
 - d. Paul Madden– What if weighted by square footage? What if Tied to Tiers? - We do not believe this would impact as many homes in 2009.
 - 1) Rubin Brown emailed someone in the builders organization to see if they can join in on discussions.
 - 2) Ben Adams– Plan an input session where we could and would open this and other suggestion for discussion.
 - e. Increase funding for Tier 3, previously referred to “micro load” home and is now referred to as “NJ Climate Choice”.
 - 1) We are at early stage and this could be accelerated. Additional incentives pay more early on in the project.
 - 2) Mike Ambrosio asked about Tier 3 and solar and was told that this is typically designed to take advantage of both. He commented that this is a great idea and this is what we are doing and what we should do. Also noted, to keep an eye on giving too much money. Ben noted that the incentive is tied to performance and Mike is supportive of it.....just wants to be ready for the question.
 - f. Ben Adams - Increasing incentives for Tier 1 and Tier 2.
 - 1) Mike Ambrosio says upon thinking about it, he believes, it may be counterproductive. He thinks by providing an incentive to buy, it is already giving an incentive to the builder. Some may not agree with this idea.
 - 2) Gabe Nathanson – How does this work in the rental? It would need to go through the builder/developer and would have to have mechanism on how it trickles down to renter.
 - g. Ben Adams – Building activity is down and builders are looking to retain core staff and build staff. This is the perfect time to do that. Could quickly establish a training program. Deane Evans said NJIT can help with this.
2. **Residential HVAC Program** - HVAC has seen about a 25% drop off as this same time last year. Mainly in the COOLAdvantage. In assessing this, the cause may be because we have changed the program incentives and we may need to increase them to increase participation.
- a. Raise incentives. WARMAdvantage by 50% and COOLAdvantage by 100%. However, need to assess the utility filings amount and estimate dates they go into effect and adjust increase so as not to over incentivize.
 - b. Overall current thoughts are to bridge cap between current incentives and estimated utility filing incentives, coordinate with contractors, use similar methodology that utilities are doing for continuity for transparency to consumer.
 - c. Increasing contractor participation.
 - 1) Potential \$1000 incentive after they complete X amount of projects.

2) Brian Bovio has seen a large drop off which he believes it is because of the amount of paperwork. Says \$150 isn't enough of an incentive for them to do. Dave Wolk asked his opinion on an amount that he would think would motivate them and no number was addressed. However, Brian did say he thinks the step of giving money to contractors was a good idea. However, he believes that customer incentives are what drives contractors to the program.

a) Mike Ambrosio said we should reassess the paperwork to see if what we require is truly what is needed.

d. Increasing creative participation and having community based changes.

3. ENERGY STAR ® Products – Chris Granda

a. In 2009 we are already planning the rollout for Large Appliance retiring. Chris notes he likes to us the word "retiring" as it focuses on the fact it's functional, but no longer wanted, rather simply non-functioning. Currently 2009 goals about 20K units. We believe we can double this goal without too much work.

b. Lighting - Increased lighting goals. – Finishing MOU's that will go out at the end of this week if goes as planned. Last year we did not do as well as we wanted to in markdowns, but did have an increase from 07. Potential to adjust percentages.

c. Accelerate incentives for consumer electronics – 2009 roll out of consumer electronics. Chris believes the current goal is fairly modest and that we could increase with little work. Chris also commented that it would be nice to sit down at the table with cable companies to assess cable set top boxes as they are a large energy user in the home.

d. Anne-Marie Peracchio – Asked if Smart Plug strips is part of the electronics package. Chris Granda stated that it's not clear that just distributing smart plug strips has the value needed as it may be more important to focus on the right install and work directly with installers. Overall, currently in early stage of definition.

e. Mike Ambrosio wanted to repeat a point made yesterday. First 2 points above can be throttled up or down depending on what happens with others. First 2 limited by budget.

f. Anne-Marie Peracchio - Asked if GNJRT's can drive more marketing and what can potentially do to get them financially interested to do it. Chris Granda says we tried this last year, with no luck. This year we are looking at referral fees and think it is a strong possibility. He was not sure where we are at on it.

a) Joe Gennello – With the Community Partners linking municipalities to achieve goals we do not want to se up a scenario on GNJRT's are competing with communities.

4. Home Performance with ENERGY STAR ® - Julie deSeve

a. Increase Tier 3 customer incentive.

a) Owen Hyland Some technologies are more expensive and a % increase may not have enough effect. Julie something to thinking about. Propose to raise the cap. Joe – everyone to follow up with Julie with cap change suggestions.

- b. Increase Participation Low Rise Multifamily Buildings. Working with condo associations to help market the program to homeowners. Getting leads from HMFLA. Julie deSeve is currently working with a townhome facility in S.Jersey.
 - a) Mike Ambrosio commented that we should be careful on projects whereby both Honeywell and TRC are working together on like multiunit's as he believes the customer should have one point of contact (and noted perhaps that is what is being done, but wanted to comment on). Stating anything going on behind the scenes should be transparent to the customer. He said to think outside the box if we have to, to get this done and perhaps that means and new individual program.
 - b) Mona Mosser emphasized that in the meantime, make sure no one is falling through the cracks.
- c. Open up eligibility for oil, propane, and Municipal electric utility companies.
- d. Increase contractor training. No suggestions are possible if we are unable to increase contractor training.
 - 1) There is already a waiting list and are booked to June.
 - 2) Talking about creating online training for faster training.
 - 3) Perhaps having trainee incentives. Currently we ask for a deposit and when they get certified we give the money back.
 - 4) Incentivizing take on other trainers. For example if Isles wants to train for BPI and other similar training, trainees could get an incentive to do so. Goal to have no distinction in using us or another training facility.
 - a) Program is currently talking with Isles.
 - 5) Lynn Sutcliffe – Noted that we should be looking at the money from the Department of Labor and Mike Winka confirmed.

5. Cross Program Suggestions – Joe Gennello:

- a. Increase speed of payments.
- b. Allow process payments.
- c. Scale Incentives based on velocity of completion. Make time bound. For instance, would we pay at different percentage for different time frames.
- d. Revive previously scrubbed projects. Example: Revisit disqualified customers and potentially reactivate based on new criteria.
- e. Target community wide projects
- f. Extend existing programs to customer of municipal utilities
- g. Extend program to non-Smart Growth Areas.

Next meeting: Tuesday, April 20th 9:30am