

**New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
Wednesday, April 21, 2010
Hosted by Honeywell – BPU, Trenton**

Attendees:

Mike Ambrosio (AEG)	Mark MaGrann (MaGrann)	Joe Gennello (Honeywell)
Mike Winka (NJ BPU)	Roger Kliemish (TRC)	Kimberly Hoff (CSG)
Dave Wolk (Honeywell)	Maria Grazul (CSG)	Mona Mosser (NJ BPU)
Dawn Chaplin (Honeywell)	Sherri Jones (NJ BPU)	Ron Reisman (NJ BPU)
Siraj Shaikh (JCP&L)	Bob Kudrick (NJNG)	Julie deSeve (CSG)
Tom Pecora (Honeywell)	Brian DeLuca (TRC)	Gabe Nathanson (NJ HMFA)
Joe Navarra (BC Express)	Eileen McGinnis (CMC Energy)	Yennaira Ortiz (Honeywell)
Bill Holmes (SJG)	Mary Jo Boyd (CSG)	Anne-Marie Peracchio (NJNG)
Brian Bovio (Bovio Heating)	Sam Valora (SJG)	Scott Silars (Isles)
Sharon Wolfe (NJ BPU)	Jamal Garner (NJ BPU)	Allison E. Mitchell (NJ BPU)
Jill Sherako (EH&CC)	Dale Congo (5th Street Renewable Energy Holdings Inc.)	

Via Phone:

Bruce Grossman (SJG)	Elaine Bryant (PSE&G)	Jay Murdoch (Well Home)
Will Cronin (Shore Insulation)	David Nichols (Rate Counsel)	Christina Oztan (READS)
Marianne Graham (ICFI)	Rich Valentino (White Gate Homes)	Deane Evans (NJIT)
Nancy O'Brien (EFS)	Kurt Lewandowski (Rate Counsel)	Ashley Miller (TRC)
Angela Bitner (EFS)	April Guillerme (Comm LLC)	Diane Zukas (TRC)
Nikki Kuhn (VEIC)	Karen Paine (TRC)	Arthur Pearson (The E Cubed Company, LLC)
John Malanga (TRC)	Diana DeAngelis (ACE)	Angelo Cristofolo (Air Group)
Rubin Brown (The E Cubed Company, LLC)	Kate Grossman (Greenwich Energy Solutions)	Steve, Wayne and Jim (Alpine Refrigeration)
Thomas Szarawarski Jr. (ENERActive Solutions)	Brian Fronapfel (ENERActive Solutions)	John Donohue (Fuel Merchants Assoc)
Greg Kilmer (Princeton Air Conditioning)	Paul Shust (Pro-Tech Energy Solutions)	Alice Napoleon (Synapse Energy Economics)(Representing Rate Counsel)

Introductions

Program Coordinator and Regulatory Updates

Presenters: Mike Winka, Mike Ambrosio and Mona Moser

1. **Sustainable Energy and Economic Policy Forum** (Mike Winka) – The Governor spoke about a half an hour on energy issues on the Administration's policy and framework and what they want to do. Overall messaging is that we are in tough times and we are all going to have to pull together. We have to stop the arguments and show we agree on the overall budget gaps, but at the same time do not want anything taken from our own projects. Other key points – Wants to see more manufacturing in NJ. Want to see more solar and larger solar systems (e.g. landfill, farms). Support of Off Shore Wind projects and also there is an announcement being developed for some sort of regulatory legislative structure. Overall want to see these programs be more sustainable rather than just running on rebates, i.e... how else can we structure programs.

In addition, also asked that the Energy Master Plan (EMP) be **revisited** (not redone). The charge from the Governor is to have it completed in 90 days 'or so'. Mike Winka thinks they can get through the key points in

90 days. One example for the reasoning for the action, was noted that when the EMP was completed the economics were different (gas \$ is different) so the underlying economic analysis differences between then and now need to re-look at how things are ordered given the change in economics. Need to match up our strengths and the economy. Also noted that there is a meeting this afternoon with President Solomon for him to layout his agenda and issues. BPU has already put together an EMP working group and are meeting tomorrow. One of the key points is to get through the revised economic analysis. Also, Rutgers is redoing the input output model and the BPU will take it from there.

It was also noted that there was not as much said on energy efficiency in the forum and Mike Winka said he stated partially because there was no one on the panel for that. Overall, however, we all know the focus and issues there are around high administrative costs for running a rebate program. He also commented about PACE being on the table and moving away from rebates and more market based and this is only part of the bigger picture.

Mike Winka also noted there are talks with EDA and HFMA and said that at this point in time there is no discussion on moving the programs to the EDA. As a matter of fact the EDA has said they have no interest in running the programs as this is not their area of expertise. There are discussions with the utilities. As we all know the current structure gets hindered with the Treasury issue and cannot respond fast enough and it is believed that the utilities can respond faster. We learned from the past couple of years. We need to understand how the programs run and if and how we can transfer some of these programs back to the utilities. For example, the Residential programs may not be run by BPU anymore and run by the Utilities. As soon as the BPU hears information they will share. This is not meant to be hidden or kept from the group.

2. Mike Ambrosio at this time wanted to note that normally at this time of year TRC and Honeywell are asked to start proposing changes for the following year. Right now, there are too many unknowns to start that process. Everyone knows that the TRC and Honeywell contracts expire next January. Currently there is no discussion of putting it out to bid. Overall, a lot of unknowns. He thinks the approach right now is to get an understanding of the direction. Mike Winka added that direction will come from the EMP revisit and ongoing State agencies and Utilities. Decisions have to be made by September at the latest so they need to be started now. Needs to be administrative structure, contracting, level of funding and programs.
3. Janja Lupse (CSG) – Asked how they take into consideration the lower budget for 2011. Winka says that the fiscal budget will be in place by July 1st and the issues will be known at that time too. He does not think that the State revenues will be known. What has been heard is if State revenues are up, they are going to look for money from all over the place to balance the budget. Mike Ambrosio added that there are a couple of numbers that are known as of today: the CRA Order is \$319M to 2011 and the Governor's proposed budget included \$52M. Who knows what comes out of the final appropriation bill. There are a lot of open questions about what that money is needed for. One is how much of this year's budget is going to be spent or committed. Summarized as there are lots of moving parts that have to be juggled between now and September which truly is not a lot of time.
4. Joe Gennello asked if we fully understand the commitment of funds to the program with relation to Treasury? Is that piece clear now? Overall much better but not 100%. Mike Ambrosio responded saying they are working with them and there is still work to be done. However, as additional funds are coming in to the extent commitments exist, they are being committed. Right now the balance in the fund is pretty much fully committed. Winka added that some of this has to do with the Utilities and the transition discussion. Noted about how for NJNG there was build up for Tier 2 & 3 and now it has been taken away so they are going to work with NJNG to phase it out.
5. **Budget Order** – Per Mike Winka the Budget Order was on the agenda for last Wednesday. It went through without many significant changes from the Straw. Ambrosio added that there was really only one major change other than the moving around a couple hundred thousand dollars from 'here to there'. It was the CORE budget as there were additional scrubs by about \$7M, half of which was added to Home Performance program half to REIP. So HP is higher than what it was in the Straw.
 - a. Winka added that the Board Order should be signed and 'on the street' today.
 - b. Gabe Nathanson (NJ HMFA) asked about how the Straw Proposal talked about possibly using ARRA monies and what is going on there. Mike Winka responded that they are still discussing what if anything can be done, but there has been no decision yet. DOE has been very helpful with that.

6. Mike Winka - There is a piece of legislation at Chivukula's Committee on PACE, but he has not seen it come out of Committee. PACE is an optional financing program at the Municipal level and this would do energy efficiency and renewable energy and possibly community energy at the local level. Financing goes with the property, something like what HFMA does. Something to keep an eye on.
7. Mike Ambrosio – We are going to be challenged to think out of the box on how to do things differently. Think about how to get as administratively expensive rebates more in the pocket of consumers and out of overhead.
 - a. **Comment made** that Senator Chu talks about using Trade Associations. He has his procedures up on his website. Mike Winka commented that that may be a good option/opportunity.
8. Rubin Brown (The E Cubed Company, LLC) – In yesterday's forum it was repeatedly mentioned about the concept of looking at new loan financing options. The Legislature in Conn. is in the process of approving a bill that not only has a PACE type component, but has Utility lending bill payments/on-bill financing. Ruben will obtain and circulate the bill he referenced.

Utility Updates and Integration

1. Bob Kudrick (NJNG) – Went over stats: Examples: Conducted 1830 audits so far. Over 130 loan bids. Over 1K Enhanced Rebate checks processed. They have a team that is doing about 120 a week going to 150. They have been coordinating with Mary Jo Boyd from Home Performance to make sure the paperwork is coming through correctly. They are also going to job shadow one of the HP inspectors from CSG. They are shooting for 2K seal ups by end of Sept. with overall of 4K. Overall they are happy with success so far.
2. Bruce Grossman (SJG) – On the Residential side though the month of March they have processed about 196 loans and there are 340 total jobs done which happens to be about 33% of all the HP jobs being done and they are quite proud of that. The Enhanced Rebates have done 50 and Honeywell has identified about 1300 that could go through. On the Commercial side, they have been in negotiations with TRC and that agreement should be signed shortly. About 32 projects have been or about to be paid an incentive.
3. Elaine Bryant (PSEG): The Whole House Program completing about 400 a month and have a back log of about 1K to schedule - about a 2 month lag. The Hospital Program is completely committed. Completing the Investment Grade Audits (IGA's) looking at the final proposals and moving the participants to the contract stage so they can start construction. The Multifamily Program has 59 apps., 40 of those are HFMA. Completed 5 of the IGA's and are ready for review and they have about 10 still in progress. Expect to have Multifamily completely committed within the next 2-3 months. The Municipal Program is completing about 20 projects a month and the pipeline is actually about 2x what the actual funding is. They expect to still have a waiting list by the end of the year.

Winka says there is demand in the Utility Programs and looks like there is room for discussion for expansion.

ARRA

Presenters: Mike Winka

1. Just went through a first round audit with the Feds.
2. Currently mostly launched in all the programs.
 - a. HFMA is just waiting for one decision on a loan issue that has been worked through.
 - b. EECBG is ready to be launched saying he spoke to Mark Pfeiffer yesterday and he said he was getting a letter by COB yesterday.
 - c. Should be ready to go on Municipal rebates.
3. Also in discussion on looking at ARRA funds as alternate funding for retail market funds.
4. Anne-Marie Peracchio (NJNG) – Asked about the Competitive Funding Solicitation for state energy offices. Mike Winka said he had not really looked at it. Ron Reisman (NJ BPU) said this did not look like it is a fit.

Residential Programs

Presenters: Dave Wolk and Joe Gennello

Handout: Residential Programs Progress toward Goals

1. Results YTD, January 2010

- a. COOLAdvantage at 27% of goal and 121% of 2009 YTD. Partly impacted by economy/weather in NE.
 - 1) Question was asked if the goal was hit what that market share percentage would translate to. Joe Gennello, Dave Wolk and Jill Sherako will work on getting this kind of data together.
 - 2) SEEARP released in Feb. Those formerly not eligible such as muni-electric customers, now are.
- b. WARMAdvantage at 79% of goal and 166% of 2009 YTD. SEEARP Oil & Propane are now in place and those applications are available on the website. Currently have fewer than 100 apps in house - boilers seem to be the strongest. Same question on market share.
- c. ARRA Appliances - Dishwasher, refrigerator and lower tier clothes washer programs launched April 1. Dave Wolk will incorporate numbers into monthly Progress toward Goal completions.
- d. Room A/C – Starts May 14.
- e. Clothes Washer is at 306% of 2010 goal. Has always been and continues to be a strong program. Pending the signing of the Order it will be dropping to \$50 in June. Also, there is an ARRA funded tier at \$35.
- f. Dehumidifiers – Is currently above goal by 155%
- g. CFL's – Also exceeds goals by 140% and are usually strongest in the fall.
- h. Refrigerator/Freezer Recycling - Is at 48% of goal. This year the incentive amount was increased from \$30 to \$50. With the added ARRA purchase rebate there should be a spike this month and next month. Mona Mosser (NJ BPU) asked what is impacting these lower numbers. Joe Gennello responded there are a couple of issues on the marketing side - gearing up a fairly large push. Also may be looking at a few other opportunities.
- i. New Construction - Trending above budget and participant goal.
 - 1) Mark McGrann announced that just last week they got a sign on for 70 units for Tier 3 in Orange, NJ. It is a mixed use project. It is going to be a green project, LEED Silver Platinum and being done by RPM Development which is one of our long term ENERGY STAR partners and HFMA partner. They are also getting money from HFMA. Building should start in June, may have some completions by year end, if not early next. Joe Gennello noted to make sure to keep Marketing apprised of this project as it is a wonderful PR opportunity.
 - 2) Completions – On target for Cert. of Occ. and on par for completions. Program holds it is value well in economic downturns.
 - i. Mark Magrann said he missed yesterday's forum because he was in Washington with the builders and RESNET. He hears the national market for HERS rated homes in 2008 was ~12% and last year even in the economic downturn it rose to approx. 34%. One of the factors is that you can sell anything when the market is good another is also the market understanding of Green etc..
 - ii. Other interesting facts: Some jurisdictions such as Delaware are proposing tax buyer credits for green homes. New Mexico already has one. Someone also mentioned that NYSERDA may also offer something. Mark Magrann is going to be looking at all of these to see how to continue to push HERS in NJ.
- j. Home Performance (Julie deSeve):
 - 1) 150 accredited companies and about 150 in the pipeline. Also seeing better quality in the field.
 - 2) 152 Tier 2 air sealing only jobs and 895 Tier 3 completions through March. Completions at 138% of 2010 goal.

- 3) 588 waiting for approvals with about 19% of them with issues and rejected. 69% are cash back and 11% have loans involved.
- 4) Loans - 346 in March alone and has been increasing. Denied over 700. HP will be working with HFMA soon to try and capture some of those. Mike Ambrosio asked to expand on this. Julie deSeve responded saying they are just getting to now because there were still some open questions. The next question is: How many of those 700 still interested taking into consideration some opted for the cash program, time has passed and now a new offering.
 - i. Joe Gennello suggested Julie to look at the loan numbers near completions to see what the number is on the back end. Both BC Express and Bovio noted that their majority is financing.
- 5) 1057 Work Completions in the pipeline. 41% are in queue for processing. 15% failed QC and 24% have a QC scheduled or to be scheduled.
 - i. In March sent out 654 WS approvals which were a little less than Feb. Only 30 air sealing only jobs completed in March. Noted that over 300 apps were received last week alone.
 - ii. An average work scope approved amount of \$14,076 and an average customer cash rebate of \$6,727.

2. Program Changes (become effective once the Board Order is signed (transition plan under review)):

- a. HVAC: Dropping contractor's incentive.
- b. RNC: Rates will be implemented in 45 days. Open rater process will be implemented within 30 days. Builders that are in the option area will have 60 days to stay in existing or participate in the new. All new apps after the date will be part of new.
- c. Products – CFL reduction. Then those not yet implemented will not happen such as pool pumps, consumer electronics etc..
- d. Community Partners reduced from \$500K to \$100K effective immediately.
- e. Res. Marketing changes effective immediately.
- f. Renewable Programs effective May 1st.
- g. Home Performance - Rate change within 5 days of the Board Order.
 - 1) Customer Incentives: 1) Audit reimbursement fee will be eliminated (i.e., no more \$125 rebate) 2) No more free CFL's 3) Free/subsidized air sealing eliminated (Note: NJNG territory will be phased out instead of completely delimited at first. 4) Tier 3 changes - 25% or greater = 50% cash rebate, up to \$5,000 and 0% interest loan. 5) Income Qualified: Tier 3 incentive = greater than 5% = 50% cash rebate, up to \$5,000 and 0% interest loan Contractor participation incentives will be eliminated.
 - 2) Contractor production incentives: Audit incentive is now \$100 per audit when the project is submitted as a Tier 3 completion. Tier 3 incentives are 10% cash back up to \$1,000 for each completion reported to the program.
 - 3) Approved projects will have an expiration date. Projects previously approved will receive an expiration date based on the date of the signed Board Order. New projects will be given an expiration date based on their approval date.
 - 4) Brian Bovio says that EFS is running behind at 3 days and requested/suggested that there is paperwork waiver for this so they are not rejected for this one item.
 - 5) Joe Gennello urged contractors to sell the new program now. He also stressed that this should not be looked at as a penalty of any kind. That the contractors have done a great job with this program. Mike Ambrosio wanted to remind everyone that the goal of the energy efficiency program is not to have incentives forever, but to jump start the market.
 - 6) Home Star Update from Mark Magrann - The Senate and House version of Home Star are close to each other. Will have to be BPI or Resnet implemetor to be able to do Gold Star. Bad news is the timing as it may not move through both Houses until May or June. There is

no funding yet and Republicans are afraid there may be another cash for clunkers on our hands. Overall remains to be seen.

Commercial/Industrial Programs

Presenters: Roger Kliemish (TRC)

Presentation/Handout – C&I Market Manager EE Meeting Presentation 4.21.10

1. New Construction Approved Applications – Strong with 41 completions. Ahead of goal.
2. New Construction Completed Projects – Ahead of goal with 24 completions.
3. Existing Construction Completed Projects – Ahead of goal at 341. Seeing a little increase due to the open questions about program changes.
4. Pay for Performance – Existing and New Construction – There are over 100 partners enrolled. ERP's are slower than expected. 100 apps received and estimating that approximately 33 will fall out (e.g. partners being overly aggressive and not really have sales). 20 ERP's received of which 5 have been approved, the remaining are under review. ERP's averaging ~\$350K. 78 applications in the pipeline that represent about \$26.25M/ about 50% of the revised 2010 budget based on average ERP incentives to date.
5. Direct Install, Completed Installs – No jobs with completions to date. Challenges include prevailing wage. However, they are marketing this program.
 - a. An approval letter sent out representing ~\$1.7M to proceed with installations. Another ~\$2.2M worth of projects out for signatures totaling 56.9% of initial budget allocation. There are 433 active leads being worked on. There are 249 assessments completed YTD with some requiring a revised assessment due to prevailing wage notice. Mona Mosser (NJ BPU) asked if there was anything on ARRA which Roger responded saying no.
6. LGEAP – Strengthening and ahead of goal with 260.
 - a. 2,291 applications (one per building) received. 1,145 applications approved. 722 buildings with audit reports received. 612 building audit reports reviewed and approved.
 - b. Currently 143 audit reports under review. The average incentive committed per building is \$6,773 and total incentives committed plus paid is \$7.8M
 - c. Mike Winka asked Yennaira Ortiz to what extent is this built into the Community Partners process/communications. She responded that she is continually messaging this and they are 'very aware'.
7. TEACH - 4 in total. 2 more entities than what was on today's presentation because they just came through.
8. Revisit Gas Boiler Incentive (steam) – Upon research they found that here really is not really anything out there of 85% or more. So what do we do? Research on other utilities found that they typically offer incentives that are equal to or greater than 82%. Need to further detail analysis for review.
9. Program Changes:
 - a. No retrocommissioning pilot.
 - b. Reducing LGEAP cap to \$100K/year from tiered approach.
 - c. Incentive cap of \$80K/year an entity cap of \$250k/year for Direct Install.
 - d. Elimination of doubled incentive caps for specific customer segments in P4P.
 - e. TEACH has been reduced to 100 schools from 200.
 - f. NJCEP conference is cancelled.
 - g. Marketing budget reduced, eliminating television, radio and most print ads.

Next Meeting – May 11th - Location TBD.