

**New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
Tuesday, June 11, 2013
Hosted by Honeywell – BPU, Trenton**

Introductions

Strategic Energy Group

Presenters: Tom DuBos, Strategic Energy Group

Presentation: Continuous Energy Improvement (CEI)

1. Continuous Energy Improvement (CEI) – To provide program sponsors a CEI process that enhances their relationships with their customers while creating sustainable and verifiable energy savings.
2. Overall, it is about enhancing relationships with larger C&I customers to increase energy savings. It is about expanding the conversation beyond equipment, such as business practices and capturing/quantifying operational savings.
3. First and foremost is getting higher management commitment from the customers. Without it, it will not be successful. The next step is the assessment.
4. How this has evolved - Initially, it was a direct approach as large customers required a one on one approach. Since 2008 and beyond, more of a cohort approach, such as 6-8 entities doing it together. By doing it this way it improves the overall economics, accelerates actions and interactions and sparks innovations. They have found that when having to work with other groups there is a different pressure/motivation to perform and perform timely. With the cohort approach, not everyone is a participant. However, even those that do not participate end up having some improvement
5. Program Dynamics –Typically a life cycle of 1 year.
6. Mike Ambrosio (AEG) – Commented that NJCEP is organized/structured in 'programs' and asked Tom if he sees this as a program or a support to programs. Tom responded that 'it depends' as it can actually operate as both. Adding that it typically starts as supporting, He noted that they have one now that started that way and is about to become its own stand alone program soon. He noted that they work with the utilities to identify key accounts and to recruit them. They want the customer to sign an MOU because they want buy-in or nothing will happen for them. Mike Ambrosio asked the room if any of the utilities may be ready for this. Anne Marie Perracchio (NJNG) – Asked if there are any companies that are multistate and if there are any that may have facilities already in NJ for which Tom responded yes.
7. Bruce Grossman (SJG) – Has there been an evaluation as to what happens after you have left them and if and how much they slip back or maintain. Tom responded that yes there is some attrition. However, there has been no rigorous evaluation. Overall, someone needs to keep an eye on them but it does not need to be Strategic Energy Group and could be for example, the utility company.
8. Mike Ambrosio – Where NJCEP is right now in terms of the program and process with changes on the horizon, this is a good start to the conversation. He noted it is hard right now due to the transition happening.
9. Anne Marie Perracchio (NJNG) – Hoping to keep the door open in the LEUP for expenses related to something like this.

Program Coordinator and Regulatory Updates

Presenters: Mike Ambrosio (AEG)

Presentation: Revised Budgets –Proposed FY14 Program Budget

1. Two key proceedings are on a parallel path; the CRA Proceedings to set the funding levels for FY 2014 and the FY 2014 program and budgets.
2. Last week Staff circulated a revised CRA Straw Proposal. The key change is that the previous version had references to the state lapse and this one does not. Section 5.7 attempts to take where we started from and identify the changes. There is a list of changes from comments that have been submitted both at public hearing and written comments. New information on programs and program activities as well as some additional

discussions with different stakeholder. Based on all of that, there has been \$117M added to the funding for the programs for next year. That proposal went out last week. Also at the same time because we are doing it on a parallel path, the FY2014 budgets need to track the FY funding level which has not yet been set, so revised budgets also went out.

3. Hearing tomorrow at State House on both with comments are due Friday. The intent is that both matters will be considered by the Board at the BPU Agenda Meeting on June 21.
4. Back in early May, four Compliance Filings were circulated including the program descriptions and the proposed incentive levels. Those are not changing with the budgets.
5. Two key issues have come up on the Compliance Filings that will be discussed today. Comments submitted by ACCA concerning the incentive levels and TRC's initial Compliance Filing made reference to combining the large and small CHP program, but the details have not yet been worked out. They were circulated last week.
6. Home Performance budget is tight and Honeywell requested money to be shifted from the HVAC program to Home Performance to get it through June. BPU has to send it out for comment and hopefully approved next week.
7. Program Administrator Status– Everyone has proposals in to extend the current contracts. It is intended to extend everyone until the Program Administrator is awarded. The LGEA contractors will also be extended.

Home Performance ACCA Comments

Presenter: Brian Bovio (Bovio) and Fred Hutchinson (Hutchinson Heating and Cooling)

1. ACCA has concerns about Home Performance with 2014 program proposals that they believe could incentivize customers away from Home Performance. They believe between possible financing, and big rebates in other programs it pulls people away from HP. As for example, customers are not going to take into consideration health and safety. Customers are only going to see the bottom line and what may cost less in the end. Brian broke down some examples with numbers.
 - a. For 25% savings levels a job's typical net cost is ~\$12,100. Separately, a job with one heating, ac and water heater, the typical net cost is \$10,700. That lower number for customers has them missing out on air sealing, insulation and health and safety.
2. Mike Ambrosio (AEG) asked if this issue exists today. Brian responded said yes and no, a little bit of both. He noted that with SJG (his territory) bringing in the Enhanced Rebate it did have impact. Bruce Grossman responded that SJG will not be having \$900 after July 1st as they are not interested in rebating furnaces or boilers individually. They do want to have some kind of offering and are looking at a financing program to be able to offer something (i.e. rebates or incentives) when installing a heating and water heating system simultaneously. They want to drive customers to a more holistic system. They want to offer value to their customers and not just sell rebates. Installing individual equipment does not address making the home more comfortable.
3. Mona Mosser (BPU) – Said she found the comments about right sizing the equipment and noting the situation where the furnace/boiler is installed before the assessment quite compelling and concerned about the way utilities are handling this. She noted that she understands the utilities are encouraging the customers to get an assessment after the equipment is done, but this is an issue that should be talked about and if it is or can be dealt with. Anne Marie Perracchio (NJNG) said it was premature to talk about it in regards to NJNG, but based on the proposed filing they are having something available for combinations. When in a financing situation, they have to get it up front. Like in order to participate in financing they would have to submit sizing numbers and ask the contractor to take classes. Bruce does not want to put it in the filing at this late date because at the end of the day customers for whatever reason are dealing with someone that is not BPI or for whatever reason can't or don't know about BPI. They can offer advice to contractors; they can have consumer education and training seminars, etc. Fred Hutchinson said about 41% of their business is Home Performance and that they show the customers what the WARM and COOL rebates path amounts to, what it amounts to if they do HP and let the customers make the choice. He pointed out many contractors do not give that choice. Bill Holmes (SJG) noted that there is a large population of non HP contractor and that at a minimum the evaluation is done after. He added though, they are seeing a better of installation because of this.
4. Jill Sherako (Eastern Heating and Cooling Council) said 97% of contractors in the state are not BPI certified and trying to get them to do so can be like getting blood from a stone. Unfortunately, 2-3 person companies cannot find the time or money to do it. They (EHCC) are continuously working on it. She stated as an educational organization they hear both sides.
5. Brian said he is concerned about too many incentives to draw them away. May not have as much of an issue as originally thought though after speaking with everyone today and clarify a lot of conjecture about what may have

been happening with the programs. He believes having more financing options is critical, noting a 20% drop off rate asking the question of how we can capture them somehow. He suggested something perhaps like an interest rate based financing. Joe responded that from the Market Manager perspective, the utilities implement the loan program and the NJCEP backstops it. They would need to engage the utilities about what the possibilities are. Bruce Grossman commented that one traditional way the utility looks at financing is by looking at how you pay your gas bill. If you cannot pay, then you are not going to pay your loan either and they are not interested in that.

6. Brian said there is a need to raise the bar on all programs noting suggestions like making sure permit numbers are applied for and there is proper licensing. He also asked that co-op advertising be looked at as he's heard of some people taking co-op money for one program and use it temporarily and never doing it again. Mike Ambrosio said for this discussion he wants to focus on what needs to be addressed in the compliance filing. As for process items, like the licensing comment, please work directly with Honeywell.
7. Mona Mosser (BPU) asked Brian if there is a magic number that makes concerns go away. Brian responded that he thinks \$3/4k is the spread that is needed between Home Performance offerings and anything else. Mike Ambrosio said that it is about the HVAC incentives maybe being too high rather than Home Performance not being good enough.
8. Doug Wong (BC Express) – Asked if the program has figured out what to do with Sandy victims as they have NJNG On Bill customers they cannot go with On Bill because it is only a partial installation. Dave Wolk responded that as Joe mentioned earlier the filing allows HP to back stop where there is nothing available through the utility company. The want to change this so it's just not for if unavailable, but also for those that are not able to secure a loan. Anne Marie Perracchio suggested that Doug follow up with Susan Ellman at NJNG for the situations he is concerned about so they can talk about each situation individually.

CHP Fuel Cell Program

Presenters: Valentina Rosanova (TRC)

Presentation/Handout – CHP-FC Proposed Program FY 2014. See presentation for details.

1. Proposal to combine small and large scale CHP – FC programs under a single program offering managed by the C&I Market Manager. Proposed FY 2014 budget of ~\$65M (\$50M new funding).
2. Alice Napoleon (representing Rate Counsel) wanted to talk a little bit more about the proposed budget stating that most changes seem fairly minor and asked if they really thought it will impact participation that much to need the increase they are requesting. Mike Ambrosio responded that the revised CRA talked about it a little bit and he believes it is really information coming out of the CHP working group combined with the issue of using CHP as a way to harden the system for critical infrastructure facilities. It is gaining a lot of traction/momentum. So most of the additional dollars added in is based on an expectation that out of the CHP Working Group there is going to be a bigger push for using CHP particularly at critical facilities. Input from Mike Winka and his group to push CHP and push it hard especially in relation to Sandy. Alice said that, that does not really speak to whether or not they will be able to spend that amount of money. Mike said the original amount was based on what was done in the last 12 months and the interest in the program. If you look at the EDA program, it is pushing about \$20M in commitments, and the TRC program is pushing \$5-7M, so we are at \$25-30M there. They are hearing there is a lot of activity, and he thinks the expectation is that the trend is up. So overall based on what was spent last year, what is in the pipeline, and trends/activity they want to make sure there is enough to fund it.

Commercial/Industrial Programs

Presenters: Brian DeLuca (TRC)

Presentation/Handout – C&I Market Manager EE Committee Meeting Presentation, June 11, 2013.

1. Fiscal Year 2014 Proposed Program Changes –
 - a. Hurricane Sandy Relief submission deadline extended to June 30, 2014
 - b. C&I Retrofit and New Construction:
 - 1) Prescriptive Lighting & Controls
 - LED Lamp (Integral/Screw In) incentive reduced from \$20 to \$10 for R/PAR20 MR/PAR16, Globe, Candelabra, and other miscellaneous types. \$20 incentive will remain for R/BR/PAR30, R/BR/PAR38-40 and A-lamps.

- LED stairwell and passageway luminaires - \$40 per fixture
 - Category listing revised for 1x4, 2x2, and 2x4 LED linear panels to luminaires for ambient lighting of interior commercial spaces
 - For LEDs, Energy Star or Design Lights Consortium qualification is still required
 - \$35/fixture controlled incentive for occupancy based lighting dimming controls
 - \$45/fixture controlled incentive for daylight dimming controls
- c. Pay for Performance New Construction - Entities that need to start construction prior to ERP approval may do so, at their own risk. A pre-inspection by TRC is required
 - d. Large Energy Users Program
 - 1) Incentive cap per entity, per program year increased from \$1M to \$4M
 - 2) Draft Energy Efficiency Plan submission no longer a part of the program
 - 3) Enrollment process revised to a first-come, first-served basis pending funding availability
 - 4) Large Scale and Small Scale CHP/FC Program Merger– Per previous discussion. Details will be available for public comment prior to approval by the BPU.
2. 2012-2013 Programs and Results to Date
- a. Mike Ambrosio on the SEP Non-IOU - Hope is by July 1st there will be new money, assuming DOE approves what the BPU submitted.
 - b. Mike Ambrosio asked if there is any traction on the kitchen equipment. Brain responded that there is not as much as they would like and have around 13 applications. Mona Mosser asked if they knew what kind of specific marketing is happening for it. He says there have been various events they have attended.
 - c. Mona Mosser – LGEAP – How many of those audits have resulted in eff. measures being implemented? They are working on that right now.

Residential Programs

Presenters: Dave Wolk (Honeywell), Janja Lypse (CSG) and Jill Sherako (Eastern Heating and Cooling Council).

Presentation/Handout: Residential Programs Progress Towards Goals Statewide Results YTD May 2013 and Home Performance with ENERGY STAR, June 10, 2013 and Residential Energy Efficiency Programs Proposed for FY2014. See Presentations.

1. Fiscal Year 2014 Proposed Budget and Program Changes –
 - a. Sandy Storm Response: Continuing
 - b. Other programs continuing as is. In addition:
 - i. Upstream incentives for CFL & SSL lamps & fixtures. Clothes washers and refrigerators incentives through upstream and direct consumer rebates.
 - ii. Promote the Super-Efficient Dryer Initiative (SEDI).
 - iii. Offer incentives for ENERGY STAR qualified Heat Pump Water Heaters at \$500.
 - iv. Offer a \$500 incentive for Super-efficient Central Air Conditioners at 17 Seer Level.
 - v. Furnaces purchased on or after July 15, 2012 that meet 92% AFUE criteria will qualify for incentives statewide.
 - vi. Boiler and Water Heater combination incentive added.
 - vii. Continue to evaluate Drain Water Heat recovery.
 - viii. Evaluate and design a HVAC Equipment Loan Pilot Program.
 - ix. Co-op Marketing - 50% of each application and increase the cap to \$75,000 per contractor
 - x. Climate Choice Homes Program With Market Manager Rating Services - Anne Marie Perracchio (NJNG) – What is the relationship between this and the DCA \$150k grant program to help rebuild and elevate homes? How does the NJCEP new homes program relate to this? The response was

that the DCA is only doing the environmental reviews. Joe Gennello (Honeywell) asked if the question is if one excludes another. Anne Marie Perracchio responded that there needs to be answer if it does or does not. Joe responded that from the NJCEP side there is not a tie in or limitation to participants with this other program. Magrann enrollments are coming in response to this initiative. Mona Mosser – Do they have requirements that do not match? Joe Gennello – Maybe we need to do more homework on this. Mike Ambrosio said that he thought that Mike Winka said last month he was going to check with DCA – check with him.

- xi. Leveraging private sector marketing dollars by co-branding with participating contractors and builders through co-op advertising incentives. Maintain RNC and HVAC levels and increase the contractor cap for HPwES to \$75k per year.
 - xii. Implement quarterly co-op training sessions for contractors and builders to demonstrate the process and outline steps for participation.
- c. Anne Marie Perracchio asked if they are tracking Sandy related Home Performance projects. Dave Wolk advised there is no specific tracking for those.

Utilities

1. Cheryl England – Approved extension as is through Sept 1.
2. Anne Marie Perracchio – Good to bring us in, in July as things pan out with approved programs.

Other Business, Next Meeting

- Mike Ambrosio asked Mike Winka (who was now in the room) about the DCA grant for rebuilding structures and can someone do both NJCEP's Energy Star Homes Program and DCA. Mike Winka responded that there was nothing said about not being able to do one if the other is done. They are stand alone programs. He'll check on it though.
- Next Meeting – Tuesday, July 9th.

Attendees

Name	Company	In Person	By Phone
Ackerman, Elizabeth	BPU		X
Adams, Ben	MaGrann Assoc.	X	
Ambrosio, Mike	AEG	X	
Birch, Ed	Strategic Energy Group		X
Bovio, Brian	Bovio Heating	X	
Boyd, Mary Jo	CSG	X	
Carpenter, Joseph	NJ DEP	X	
Chaplin, Dawn	Honeywell	X	
DeLuca, Brian	TRC	X	
Dempsey, Peter	South Jersey Energy Service Plus	X	
Deubie, AJ	New Millennium Lighting	X	
Dolan, Brian	Intellidyne	X	
Dubos, Tom	Strategic Energy Group	X	
Ellman, Susan	NJNG		X
England, Cheryl	Elizabethtown		X
Fisk, Andrew	CSG	X	
Fox, Eileen	GreenTech Energy Services		X
Gennello, Joe	Honeywell	X	
Graham, Marianne	ICF working in support of EPA ENERGY STAR ®		X
Grossman, Bruce	SJG	X	
Haddock, Kyle	EIC, Comfort Home	X	
Hutchinson, Ed	Hutchinson Mech. Services	X	
Kliemisch, Roger	TRC	X	
Lupse, Janja	CSG	X	
Manley, Mark	PSE&G		X
Markwood, Scott	O&R		X
Miller, Ashley	TRC		X
Mosser, Mona	BPU	X	
Napoleon, Alice	Synapse Energy Economics Representing Rate Counsel		X
O'Brien, Nancy	EFS		X
O'Donnell, Tony	Sustainable Jersey		X
Palmer, Bill	Kamson Corp	X	
Perracchio, Anne-Marie	NJNG	X	
Rozanova, Valerie	TRC	X	
Schmid, Tim	E-Finity Distributed Generation, LLC		X
Senski, Robert	South Jersey Energy Service Plus		X
Sherako, Jill	Eastern Heating and Cooling Council	X	
Slaten, Marisa	Public Utilities Section, Division of Law		X
Solomon, Randy	Sustainable Jersey		X
Takahashi, Kenji	Synapse -Energy		X
Teng, Elizabeth	BPU	X	
Tobian, Carol	National Resource Management, Inc.		X
Valora, Sam	SJG	X	
Ward, Lisa	Clearedge Power	X	
Winka, Mike	BPU	X	
Wolk, Dave	Honeywell	X	
Wong, Douglas	BC Express Inc		X
Xenakis, Thomas	Concord Engineering		X
Zeglarski, Sandy	NJ EDA		X
Zoppa, Bob	CSG		X
Zukas, Diane	TRC		X