

New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
January 10th, 2012
Conservation Services Group
75 Lincoln Highway, Suite 100, Iselin

Program Coordinator and Regulatory Updates

Presenters: Mike Winka, Mona Mosser, Mike Ambrosio

o Updates on Filings, Board Orders and Regulatory Items

- At the December 14th agenda the Board approved the budget for 2012 programs. The major change between draft and final filings is that the Smart Growth Policy was deferred. The other change is the elimination of the Clean Energy Manufacturing Incentive from the EDA filing as a result of the issues filed with the World Trade Organization.
- A memorandum of agreement was signed with EDA to implement the large CHP fuel cell program, separate and different from the small CHP fuel cell program.

o 2012 Program & Budgets

- Mike Winka reported that President Hanna was sworn in last month. He is now trying to come up to speed on several things; including the Market Manager contract extensions, which were approved for only a 30 day extension. There is concern from OMB in terms of a longer extension of the contract. They want to make sure they are not just extending contracts without some cost savings to the State. OCE staff will meet with OMB Jan 20th, which is the day after the contract expires on the 19th. Any longer extension will be contingent on issuing the RFP for the new program administrator structure that was highlighted in the Energy Master Plan. Staff will keep everyone up to date as we proceed with that meeting and any requests from OMB. They have asked for a lot of information in terms of how we operate the program, how it is structured, what the commitments are coming through, etc.
- Anne Marie question: At one point you said it is contingent on issuing the RFP, what is contingent?
 - MW: the length of term of the extension is contingent. Something they are looking at is that the BPU approved the extension for 6 months, and the statement from the Commissioners were they are going to have the RFP and the program administrator structure in that RFP out on the street within that 6 month period of time. It is the timing on the transition.
- Q: can you provide an update on the status of the RFP and the expected timing?
 - MW: I can't provide anything about the development at this point and time.

o ARRA Activities

- MW. We are winding down the ARRA activities by April this year. The Energy Efficiency Conservation Block Grant (EECBG) has a little longer time frame, and 96% of the money has been spent.

o CHP Program

- A separate work group has been established along with a new listserv. Anyone who wants to join should contact Linda Wetzel. The next meeting is January 19th at CSG. There will probably be one or two more meetings open to the general public until the second phase. Once we start the second phase of the solicitation development the meetings will be limited to staff and EDA. The larger CHP group may continue to look at policy issues related to CHP. For example are there demand charges? Are there policies the state could be implementing to accelerate CHP to get to the goal set in the Energy Master Plan? Are there technical issues we can address to reduce some of the barriers? Financial issues?

- The workgroup will help to incentivize CHP. We will not be able to come up with the entire funding level to get to 1400 megawatts and there may be some structure that helps to finance more megawatts constructed.

o Smart Growth

- An update on Smart Growth will be on the agenda for February.

Sustainable Jersey Program

- MA. Sustainable Jersey (SJ) presented at an EE meeting late last year and has been in discussions with staff, but was unable to reach an agreement on the compliance filings in time for the December agenda. The Board approved the 2012 budget of \$500,000 for SJ but not the details. We have since reached an agreement on the details, and that document was circulated for comment yesterday with comments due by Friday. The 2012 scope will then go back to the Board for consideration.
- Donna Drewes: SJ is a municipal government certification program that allows communities to move forward with addressing a number of sustainability issues. Currently energy issues are the largest majority of actions that we are promoting to businesses communities and residents. The College of New Jersey is the administrator and academic partner for the program and we organize a large number of entities. We have made a deep penetration into the communities in NJ with over 65% of the municipalities and growing. Municipalities are certified with a rigorous standard of submission requirements and review protocol. At this point we have 96 communities that are certified, and as of last Friday we have had an additional 20 communities come in for the certification for this cycle.
- Donna. In partnership with the New Jersey Clean Energy Program and the BPU, we try to provide a vehicle that allows us to advance the program goals and agendas within the Clean Energy Program. Hopefully in the future we will be able to look at the Energy Master Plan and some of the goals within there. We are looking at highlighting and reinforcing the existing programs and providing additional training and support to businesses, communities and residents to access these programs.
- Our program focuses on specific actions and tasks:
 - Firstly, we want to make sure there is a single point of contact. When questions come in from our municipalities, governments, businesses and residents we will be able to ask them questions and direct them to the proper resources to expedite their needs. We are looking to provide that program coordination, and make sure that we get the information out.
 - We have a unique collaborative partnership with the NJ League of Municipalities which allows us to keep track of the information we put into our list serve, which has over 3,000 contacts. We partner to issue email blasts with quarterly newsletters, web site updates, and relevant CEP program information and updates.
 - We have three cycles of SJ certification that allows them to come in when the communities are ready for certification and have met our standards.
 - The next activity is one that started under our current contract and at this point has not been completed. One of the big issues that we hear from our communities is that the vast number of programs that are available for businesses and local governments to access is overwhelming. We are developing a grants portal which will allow municipalities and likely participants to go in and fill out some profile questions and the portal will direct them to information, funding and resources available as well as programs from the utilities.
 - Next we are going to focus on ESIP trainings. We want to get more communities familiar with ESIP's, what they are, and how they be great tools in managing developing programs for the communities and businesses. We will promote other trainings for CEP related programs also.
 - The school education and certification program. We are going to continue to focus on schools and continue to bring them in and get them engaged in the energy programs in New Jersey. Currently there is a national department of education green school ribbon program which is out there and has a very robust energy based component. This is a basically is program that will be

exclusive that will only be allowed to recognize for schools to participate. So while it will drive some communities and schools to participate, it will also disappoint the large majority. So with this program we are going to start talking with a large number of entities about how to continue to support schools that want to move into the energy realm.

- We are working with program managers to debrief the activity currently going on with ESIP's and develop case studies on communities that will articulate the strengths and weaknesses of the programs that were used. We will provide information on lessons learned through workshops and trainings.
- Lastly, our program delivering mechanism will take the clean energy program area and make them into actions within our program. Because the program regulations are ever evolving, it's really important to make sure we provide information for that. SJ will create two additional new actions that will directly support and relate more ways to drive municipalities to support businesses in their participation in the programs.
- Alice Napoleon (Rate Counsel) Question: In general, is there any effort to evaluate the Sustainable Jersey program? Is there any kind of internal processes going on?
 - Answer: There is an ongoing program assessment that happens every year. We work with our state energy partners and businesses to identify where there are "gaps" in participation. We are also doing a statistical analysis of all 315 registered municipalities to see if there is any restraint. That analysis isn't complete yet. There will be a new report by the end of February.
- Alice Napoleon Question: Are there any report associated with the annual assessments?
 - Answer: At this point we have a general report from last year's program. The new report will start at the end of February when we finish this last cycle of certification reviews.
- Alice Napoleon Question: Can you elaborate on the school education and certification program. Who is included in this? How is it broadcasted?
 - Answer: We just started a workshop, and anticipate having the principals and supervisors association and the IRC, and multiple partners that we reach out to whenever we do training and workshops. We also coordinate with the BPU. In general, every workshop has a large number of co-sponsors (10-15) and program partners.
- Question: Is there any second level of certification for municipalities?
 - Answer: Yes, our program currently has two levels of certification; a bronze level which requires 150 points and we have within that program priority areas and those highlight our relationship and partnership with NJCEP. It shows energy audits and ESIP's. Silver level is next and requires communities to accumulate 350 points. We have 8 communities at the silver level. We are planning for a gold level, but that requires the development of a performance metrics.

Residential Programs

Presenters: Dave Wolk, Honeywell Team

o 2012 Budget and Programs

- In our final 2012 Budget, one important note is that the Rebates budget increased while the Processing budget decreased from last year. The overall comparison of what we are estimating in 2012 vs. 2011 is a decrease in kWh, but an increase in lifetime therms.
- We are currently running the SEP program for municipal and non-iou participants. For the central air units there is no change for 2012, but Geothermal Heat Pumps will now be with ENERGY STAR® Qualification and a \$500 rebate. This will launch on 2/15 with notification is targeted for 1/15. Honeywell and Mona will review the end date for the SEP program which is tentatively June.
- Gas boilers, hydronic will continue at 85% AFUE, and for steam, we moved to 82% AFUE or greater. There were no steam boilers at 82% AFUE. The solar water heater pilot continues, but we are adding gas back up units, and these will be ENERGY STAR Certified. All of this is effective 2/15.
 - Cheryl England question: The water heaters with the sealed combustion, I'm not seeing anything on Energystar.gov as far as a listing if any of that qualifies as of yet. Is that coming?

- Answer: That is not actually an ENERGY STAR qualification. They propose a .80 storage capacity thermal efficiency sealed combustion system, and their list is empty. There are only tankless models on the list. Our understanding is that AO Smith may be working on some models, but when there is only one vendor of a few models we don't use that as criteria. So what we have today, a 90% or greater thermal efficiency unit can be found on the ARI tables, and that is what we will be using. We will take a look over this later in 2012 once ENERGY STAR starts to get more residential units on the list.
 - Question: What is the SRCC-OG300?
 - The SRCC is the solar rating corporation. They rate solar thermal units and to be ENERGY STAR qualified, the unit has to be SRCC rated and OG300 is a system rating, and OG100 is a component rating.
 - Question: Is there a federal minimum energy efficiency standard for gas boiler steam?
 - It's pretty low, but I will look into it.
- HVAC: There is a major aggressive change for gas furnaces from a 92% AFUE or greater, \$300 incentive to a 95% AFUE or greater, \$400 incentive. There are currently two tiers, which will be merged into one tier. These new changes will be effective on 7/15 and there will be a 6 month window of notification.
 - Question: Can you clarify what incentive people in the grace period will be receiving?
 - Answer: There is no change in the incentive until 7/15.
 - Question: When will the website reflect the changes so we can portray that to our customers?
 - Answer: Our notification target date is 1/15.
 - Dave mentioned Honeywell is working with Eastern Heating and Cooling Counsel to schedule contractor sessions. There is one on January 25th and there will be one again in the middle of the period, and a final session towards the end. This will also be available on a webinar. Non-BPI Orphan Water Heater training will now be available through Eastern Heating Cooling. This will be effective 2/15.
- HVAC SEP: This offer will end on 6/30 (subject to the availability of funds). There are no changes in the Propane Gas furnace. Propane gas and oil boilers we have a similar change. The hydronic boilers are staying at 85% and the steam boilers are moving to 82%. And now we are making available the 90% Thermal Efficiency with sealed combustion units, effective 2/15.
 - Question: On the gas furnaces, you don't mention the 92%.
 - Answer: My understanding was that this was ending in June, and we don't transition until July. If it is extended we will definitely re-visit this.
 - John: So we have to wait for the steam boiler to go into effect on 2/15 to purchase?
 - MA. Why not put something in now? Normally what we do, if it's something new or an increase we let them start right away. If it's lowering, then we like to give them notice to give them time to get the paperwork in.
 - Dave. That was an affective processing date, but we would accept anything before that date as well.
 - MA. So for the Steam, anything purchased after Jan 1st is for the 2012 program budget.
 - Dave. Also, the solar thermal is included for the same theory of where SEP is at. It is available for propane and water heating.
- HVAC pilots: These are new for 2012 and targeted for the third and fourth quarter in 2012.
 - MA question: There is an upstream, and a midstream, is the third one silent?
 - Answer: The third one is direct consumer rebates.
- Co-Op Marketing: HVAC Co-op marketing will stay the same at 25% but has expanded tactics.
- Home Performance: The tier 2 incentives will remain the same. The homeowner incentive has increasing from \$1,000 to \$2,000 and notifications have gone out to the contractors. New for 2012 is a 0% interest loan up to \$5,000. The contractor incentive is moving to a \$700 all or nothing; pass or fail.

The tier 3 homeowner incentive is increasing to \$4,000. The higher level tier 3 stays the same except for measure changes to mirror the HVAC program.

- Multi Family: Incentives all increase effective 1/1. The contractor incentive is going from \$500 per building to \$50 per unit. New for 2012 we offer partial reimbursement to contractors for BPI accreditation. BPI training will be offered by Eastern Heating and Cooling Counsel. Also Co-op marketing increases to 40% of total cost with a cap of \$20,000 and now includes TV, radio, and web.
 - Mona question: For the HVAC program you mentioned SEP but you didn't mention it for home performance.
 - Answer: SEP is in effect for Home Performance currently and everything is covered by SEP through June 30th with the clause of availability of funds.
- ENERGY STAR Homes: For 2012 there will be three tiers to include a non-ENERGY STAR level, an ENERGY STAR level 3.0 and a Climate Choice level. The new version 3.0 is effective 1/1. Version 2.0 will be ending, and version 2.5 will transition into version 3.0 after July 1st. The other change is that the incentives are now on a sliding scale based on a HERS score and code standard. Our plan is to notify participants on 1/20 and make this effective 3/1.
- Multi-family High Rise will move to the Open Rater Market Program effective 3/1.
 - Rick Marx (EAM) question/comment: We have some concerns regarding the transition of Market Managers into the open market with respect to services provided by the program. EAM, along with other companies, submitted formal comments to Honeywell however we have not received a response. We have some concerns about receiving updates on the status of our applications and there seems to be an issue with the Market Managers soliciting to the contractors directly.
 - Joe Genello (Honeywell) answer: We have received your comments, and we will work out a solution for the status of the applications. In addition, we will research into the issue of solicitation and respond to staff appropriately.
- Efficient Products: Washers and refrigerator recycling stays the same for 2012.
- Upstream Markdown & Creative Lighting and Midstream Incentive for CEE Tier 2 clothes washers also continue for 2012. These are direct awards based on RFP's and beginning in quarter 1 for lighting and anticipated in quarter 2 for the clothes washers. We will be adding a midstream incentive for refrigerators and heat pump dryers and also upstream consumer electronics will continue into 2012. There are also direct awards that will begin in quarter 2 2012.
 - MW question: Are the set top boxes in coordination with the cable company?
 - Yes, we are working with different companies, and we will continue to do that next year.
 - Marketing: Some of the high level marketing changes include coop templates and forming a Program Discussion Tree

Commercial and Industrial Program

Presenters: TRC Team, Roger Kliemisch

o 2011 Results

- December results aren't finalized yet. They will be available for the next meeting.

o 2012 Budget and Programs

- A number of line items have increased including Retrofit, Direct Install and CHP. The important number is \$245,392,061.11 which is over 94% of the TRC budget going back to customers and contractors in the form of incentives and rebates. 2012 program goals will show a significant increase in Retrofit and Direct Install. Also there are a few new pilot programs scheduled for 2012.
- Direct Install: For 2012, TRC in addition to the contractors, would like to be able to conduct field assessments. However since the TRC contract is now through February 19th, to hire and train people

within that time frame might be a challenge, so these are things we might have to work through as we move into the first quarter in 2012. Some of our best laid plans and filings have been impacted to a degree by that signing and the end date of the existing contract. Our DI contractors have signed initially with us through December 31st of 2011. We extended them through January 19th which is the term of our contract. Now we need to look at extending them again until a point and time we can generate and create the request for information and the permission to re-bid for DI. It's been our intent to go out for bid on the DI program and open it up for other qualifying contractors. We are going to work with staff and see when the timing is right to go forward with this plan.

- Question: Can we get information so we make sure we don't miss it when this comes out?
 - We would have to do that for everybody, and we are attempting to keep this in a fair market. So the changes will be up on the website.
- We did increase the DI threshold for the monthly peak demand level <150kW. We also increased the incentives from 60% to 70% for 2012. We are already receiving in new applications at this level. The project level cap has increased to \$75,000.
- LGEA: This is another program that we are looking to re-bid and find new firms to participate in 2012. Also may change the actual scope itself and expand it to include water conservation measures, green house gas reduction, and demand reduction measures so that it will align with ESIP. Knowing that we are not going to be re-bidding this quickly, we are allowing the entities, if they want to go into ESIP, to ask their participating firm to pay special attention to those areas needed to be evaluated for the energy savings plan. We are continuing to do that until which time the RFP is issued and we can change the actual scope of the audit so it's included on a routine basis.
- Multi-Family Financing program is under construction. Right now we are looking for the entity to serve as the loan administrator. The features are the same with a buy down of the interest rate. 50% of the loan incentive is from NJCEP and the other 50% will be from the bank.
- Pay for Performance New Construction: We changed the steps in which we pay the incentives. Previously it took a lot longer, and we have changed the process. We have the 10 cents for the proposed ERP phase, which is step one. Then once the ERP is completed after the project is finished, we pay \$1 per square foot. The third incentive, which is the true up incentive performance based, is based on the commissioning of the equipment in the building. The total will go up to 75% incremental project cost. The partners that are in the program like this new plan.
- CHP/FC Program: The one change is on the system size cap. The incentives are capped at the first megawatt however a customer can submit an application that exceeds that. Customers will have a choice to see which program benefits them the most and will be able to see what program they want to do. There is a bonus incentive of .25 cents per watt if it is rolled in with a Pay for Performance application. There is a revised incentive structure of 20% with proof of equipment purchase, 60% upon project completion, and 20% after the efficiency verification.
 - Lisa Ward question: As far as the eligible technologies; does it have to be a Fuel Cell plus CHP or and just Fuel Cell eligible? Is the efficiency verification based on an HHV level or LHV?
 - Certain fuel cells came in that were not utilizing waste heat, so it's for CHP systems which could include fuel cells that are utilizing natural waste heat or ones that are not. Brian will double check the verification requirements.
 - Question: What if the utility offers an incentive?
 - Certain utility territories offer a match to the CHP systems, but other ones do not. In the instance where there isn't any incentive offered through the current utility, the program will subsidize the incentive to make it even. So there isn't one part of the state getting more incentive benefit than another spot.
- The first work group for the new BPU CHP/FC initiative will be held on 1/5. We have held one meeting so far. The EDA will be developing a solicitation. This will be a public process where anyone can participate. Once they start to develop the certification it will not be open to the public.

- The 2012 prescriptive incentives are posted on the website (except for the gas heating and the HVAC application. These had new incentive tied to them which are currently under review by staff and AEG). Some of the new incentives are in the lighting application including the 4' LED strips for refrigerated cases, 2x4 & 1x4 LED panel fixtures, and GU24 based CFL new fixtures. Some of the new proposed incentives for 2012 which are under review are for VFD's and Heating/Cooling.
- RCx Pilot: This program will be developed in the first quarter of 2012. This pilot program will be a limited offer with an expected 15-20 participants to meet the goal. There is a pre-screening, planning, investigation, implement, and hand-off phase. There will be an incentive committed and paid at each of these phases. We are looking to solicit a select group of retro commissioning contractors. From there we will collect information and see what needs to be tweaked and altered. We want to make sure we get the savings that are anticipated.
- Mona question: Can you talk about the SEP funding that is tied to your programs for 2012?
 - There are three programs that are tied to the SEP budget for 2012. The LGEA, DI, and the P4P program. That's available for any of the non-IOU customers, co-ops, propane IOU companies, and we do have some customers participating. The P4P program takes some time to move through, but we can move customers quickly through the Direct Install program. The contractors are looking for new jobs.
- Question: On Retro Commissioning, what is the projected process for this program?
 - Develop this program in the first quarter of 2012 and implement in the second quarter.
- Question: Is there any registration process for getting on the RFP distribution list?
 - No, however it will be posted on the website as far in advance as possible.
- Mark Fennell (UGI Performance Solutions) question: Can you describe the application process, from when it's submitted to pay?
 - An application is submitted, and we review the documents. If it's all there, the pre-inspection can be done within a month or two. The approval process could take up to a couple months, if the incentive is above \$300,000 it has to go to the BPU for staff approval on that. From start to finish, you're looking at 3 to 6 months for approval to start the project.
- MW: Going back to the budget for Honeywell and TRC. Honeywell went through the budget as it's broken out for the contractors which are 93.8 Million dollars of total funding. But that's made up of 75 Million dollars of new funding with 18 Million dollars in carry-over of which 12 Million is already committed. It's a pretty tight budget, and you are going to see that going forward in terms of not an excess of carry over in any of these programs. On the TRC side, you see 259.3 Million dollars total funding, 133 Million in new funding, 126 Million in Carryover. And 87 Million of that is already committed so that leaves 19 Million in uncommitted carryover that is distributed through all of the programs. So this is between 3 and 6% uncommitted in carry over, running close to the budget that was put out for them.
- Assembly Bill 2528: Was passed by both houses yesterday, which may requires work from utilities and the BPU to divide up that budget into three different buckets based on residential, small commercial, and large commercial operations; including energy efficiency, clean energy and renewable energy. Then to report to the Board based on those buckets. If this gets signed by the Governor, we may be changing how the budgeting process is done. Instead of energy efficiency and renewable energy it will be done in three different buckets. It also provides a credit against the SBC for the large commercial and industrial payer. So if they are pursuing a project, they can get a credit for a portion of their SBC.

Utility Updates

- NJNG/Anne Marie: We have a stipulation agreement to extend Save Green and expect it to be on the January 18th agenda. We will get the information out to our contractors through the contractor portal and the contractor e-blast and then we will have a press release.

- PSEG/Elaine: We have our approval through April 29th. We are trying to get all our marketing lined up so we can be ready to coordinate with NJCEP.

Other Business, Next Meeting February 14th

<u>Attendees:</u>	<u>Via Phone:</u>
Mike Ambrosio, AEG	Diane Zukas, TRC
Joseph Carpenter, NJ DEP	Elizabeth Ackerman, BPU
Angelo Cristofolo, Air Group LLC	Alice Napoleon, Rate Counsel
Brian DeLuca, TRC	Carol Tobian, NRM
Julie DeSeve, CSG	Dawn Chaplin, Honeywell
Frank Dewitt, Alternative Energy Assoc.	Cheryl England, ETG
Susan Ellman, NJNG	Scott Schoen, Beehive Heating & Cooling, LLC
Andrew Fisk, CSG	Diana DeAngelis, ACE
Mike Flannery, MaGrann	Don Flynn, Nexant
Rebecca Foster, VEIC	Sara Margaret Gilbert, Con Edison
Joe Gennello, Honeywell	Gordon Stone, Home Energy Matters
Kristian Glover, Honeywell	John Donohue, Fuel Merchants Assoc of NJ
Bruce Grossman, SJG	Karen Paine, TRC
Steve Hambric, Opower	Regina Marston, Resource Action
Kim Hoff, CSG	
Dave Holland, Honeywell	
Bill Holmes, SJG	
Scott Hunter, BPU	
Roger Kliemisch, TRC	
Janja Lupse, CSG	
Rick Marx, EAM	
Mona Mosser, BPU	
Meredith Nole, American Efficient Lighting	
Tony O'Donnell, Sustainable Jersey	
Tom Pecora, Honeywell	
Ann-Marie Perrachio, NJNG	
Victoria Schmidt, TRC	
Elizabeth Teng, BPU	
Linda Wetzal, AEG	
Mike Winka, BPU	
Sharon Wolfe, BPU	
Doug Wong, Honeywell	
Peter Dempsey, SJESP	
Chandra Gapala, NORESKO	
Tom Davidson, DLB Associates	
Sam Valora, SJG	
Jerry Ryan, NJNG	
Kate Morecraft, AEG	
Donna Drewes, TCNJ	
Mark Rioux, American Efficient Lighting	
Tom Desimpel, CMC Energy Services	
Joe Prusik, PSE&G	
Steve Tesorig, Renewable Resource Sys.	

Lisa Ward, UTC Power	
Homer Purcell, UTC Power	
Mark Fennell, UGI Performance Solutions	
Christine Uaulus, NJIT	
Yennaira Ortiz, Honeywell	
Matthew Kaplan, ReVireo	
Rachael Fredericco, Apogee Interactive	
Tim Seeuaus, EMC	