

Net Metering and Interconnection stakeholders meeting: February 15, 2013

Welcome:

Introduction: John Teague, Scott Hunter, Rachel Boylan represented Board Staff

Attendees: (See Attached Sign-In Sheets)

IREC, NJ BPU regulated utilities, - ACE, JCP@L, Rockland, PSE&G

I- (Solar Act) Net Metering Aggregation Standards

We discussed the finalization of the Net Metering Aggregation Standards. This is the final meeting of "NM/INX" the 270 day period before a draft rule proposal gets put before the Board. This process started in August, when staff had the first meeting. Staff discussed the plain reading of this provision in the Solar Act during the Nov 9th Stakeholder meeting held at NJDEP. There was a public comment period which ended November 23rd. Staff plans to develop a definition for Host Site and for Customer Qualified Facilities. These will be part of the proposal to the Board. Currently Staff thinking for the definitions are as follows:

1. Host site is where the "system" is installed – (generating facility)
2. Customer Qualified Facilities are the facilities of the public entity where the historic electric usage is only used to size the system and those Qualified Facilities are billed by the utility at full retail value.

The Host site is envisioned to be the only site that enjoys true "net metering", retail in retail out over an annualized period with a true up at wholesale at the end of the year.

Question –Since you discussed that the host site is the facility or property where the system is located. How will other meters that are on the physical facility or property be handled? Will they still need to be considered "qualified customer facilities"? Rachel said that they have not looked at how to handle the other meters on the site when they determined the definition of Host site. Scott thought that there was language in the provision that mentioned the one meter with a "net metering billing account" that the solar system is connected to.

Scott Hunter also mentioned that one of the other remaining questions include what are incremental costs for these systems. Staff interpretation is that the costs are limited to billing and accounting only. Staff has not addressed the meters accounts that are on the same tariff and on the same location as the host site. Scott suggested that maybe we learn from the ACE aggregated net meter pilot. ACE said that the billing is manageable but manual and ACE has about 10 sites. PSE&G is saying that their interpretation of the law is that any meters on the site that are not net metered would not be part of the host site. Scott asked what language they saw in the rule that indicated this. He said he would send out a list of questions and ask folks to share where within the rules this is addressed and then request individual interpretations. Scott mentioned that we may need to define a host meter because of the multiple meters on the host site.

Stakeholder question – If in total aggregate if you have a system that is 10 MW and the host only using 5 MW. If you try and build a system for 10 MW is that going cause problems with the size of the interconnection?

For example, concerns would be that there could be additional costs because if the meter has a low load. It was suggested that project owners should try and pick the meter that has the largest load and connect the system to that meter (PJM LMP price is the wholesale cost)

Need to tweak some of the definitions to focus on host site meter not just host site.

Jim Calore from PSE&G feels that we should consider incremental costs to be focused on billing issues to handle aggregated net metering. Interconnection costs will be handled in the Level 2 or Level 3 Interconnection Process.

Stakeholder question-Does the law stipulate that the host site must have a wire to a host meter or could the customer choose the meter that gets net metered. Scott said the sentence that discussed that the net metering billing account needs to be tied to the host site system.

Many people felt there were areas of interpretation with the campus setting and multiple meters but Scott still feels that the law states that (the generator must connect with one net metering billing account). He is asking for comments on this and will send out questions.

Stakeholder question – Can someone explain an economically feasible project that works in this ruling? Many people felt this provision does not help make projects economically feasible beyond the status quo. Scott disagrees, he feels that it does make a difference because now a host site can be oversized and can generate more SRECs. ACE also said that because it is behind the meter you now do not have to go through PJM because it is net metering. No PJM application is needed as you just work through the utilities and it is faster.

Another individual in the audience said he thought there are some financeable projects. For example a High School with other sites. But there is a reg out and in 18 months we can make this lapse and that is the problem. Scott said that the Board has not let a rule lapse involving clean energy market development.

A government municipality from Upper Township, spoke and said that he can't benefit from this change because he wants to use open land to install solar and he can't do this.

Scott said that a revolutionary approach like allowing a local gov't to install on open land where no meter, electric use or consumption exists to offset with generation would kill the SREC market.

IREC suggested that maybe the Board consider a pilot project for on-site aggregated net metering within government entities. Scott told them to write that up and submit to staff.

Scott also ask if the group felt that the law requires that the owner be the public entity or can these entities use PPA and 3rd party ownership. Paul from Upper Township felt that it would be critical for a

PPA to be able to own these systems. Rachel said that the law does not require that the gov't facility own the generator just own the system site location.

An additional question focused on how the Staff is interpreting the rate class? Can the host be a separate rate class than the Qualifying facilities? Scott said they have to be in the same rate class. Others felt that the language does not say that the host has to be the same rate class and he interpreted the rule that the host could be a different rate class from the Qualifying entities. For example at a college, the system would be connected to the sewerage treatment facility but all the academic and college buildings could be used to size the system because the sewerage treatment facility would be a different rate but the building would all the same rate class. Scott and Rachel said that they would look at it again.

What is the interpretation of the Territorial Jurisdiction? Scott said that term is referring to the EDC. Scott said that the project would not be eligible if customer straddles two EDC's.

Action – These outstanding questions on interpretations will be written up and sent out to the Net Metering and Interconnection list serv for public comment, with expected reply by 2/22/13. This provision is expected to be presented as a proposal at the March Board meeting.

Stakeholder question - If you are served by 2 BGS providers – For example a college may have several accounts service by a TPS and several accounts service by a BGS and you can only pick one group to size the generator.

The EDCs approve generator size based on historic consumption.

II-Adoption of On-Site Net Metering Rule

Rachel said that about a year ago we discussed the definition of “on-site” generation. The property must be contiguous and no more than one easement or thoroughfare. We floated a straw, got comments in early October and then the Solar Act came into play so it was delayed. The adoption will be on the March Board meeting – the draft was in the NJ Register. Scott and Rachel were not sure if a courtesy copy was circulated but will look into it.

III-Hurricane Sandy & EDC fall out issues and procedures

Staff has not heard anything about how Hurricane Sandy affected the solar systems installed in the state. Scott said that areas that were hurt the most were where the early adopter were located. Staff does not have a process for feedback but would like to hear from installers and utilities on what they know and learned. Scott wants to know what was taken off line and what is still off-line, as a result of the storm.

Solar City and installer on the phone was happy to report almost no damage. But projects in the pipeline were delayed because of the EDC priorities were shifted.

ACE had 16 impacted – 6 are still not active – 4 meter removed and the rest are active now.

JCP&L said they knew about 1 but they do not have way to track it.

PSEG does not have any numbers at this time. 120 of the pole attached did not survive because of pole damaged. Charlie said that removal of PSE&G solar panels get reported.

JCP&L did circulate a letter to the other EDC's about developing a process and fees if there is damage or the system needs repair but they have not heard back from the other utilities.

PSE&G – Questions for installer – can there be damage to panels that may cause an output reduction – for example a microfracture. Have anyone experienced that? The installer said that most systems are rated for 75 mph for wind so this storm did not hit those levels.

Rockland Electric did say that none of their solar customers are affected.

IV-Update of EDC Interconnection Application List Scrub Procedures - Josh Cadoret – ACE

This has been presented and discussed for quite a while and Staff has asked each of the EDC's to submit a list for EDC applications that are old and should be removed. The EDC's are also to develop a process and timeframe to scrub interconnection applications so that others can get approved in their spot

ACE is hosting a meeting with the other utilities on 2/21 and it will include this topic and the 5% next topic.

V-Update of NJAC 14:5-3.2 vs ANSI 84.1 Challenge to maintain voltage band when delivering power +/- 4% vs. +/-5% — ACE

Background - State wide initiative to determine if we expand the bandwidth for how utilities can deliver power. +/- 5% is the ANSI standard practice and we still use 4% and we are waiting for input from the EDC. ACE main reason for bringing this it up was that this has caused issues when approving applications.

IREC – The ANSI standard “A” is +/- 5% and the ANSI standard “B” is +/- 10%. Some utilities have urban verses rural standards

Moving from 4% to 5% will help with inverters that are tripping off.

Scott said he looks forward to the results of the EDC's meetings.

VI-Update of EDI and TPS Net Metering Customer Billing Issues

John Teague reported that on 2/7/13 Staff participated on a conference call with the EDI working group and brought out the Staff issues with the EDC's and the TPS. TPS's are not hearing from the EDC's that customers are using solar so that they do not know this and therefore they not billing the solar customers properly. John received 51 complaints on this topic. John has been working with the TPS and EDC's are getting through the issues. Three of the EDC's have different methods of transferring data to

the TPS and the EDI transaction information needs to be changed to allow the EDC to be consistent with the data sent and format and include data that will tell the TPS's that the customer is now using solar. They are discussing this and trying to get the EDI transfer changed. Staff has developed a document for TPS to help facilitated their understanding of this. Scott said that although 51 cases are not a lot this requires a lot of work and research on Staff with review of each situation. Standard EDI formats will help a lot.

VII-Miscellaneous Net Metering and Interconnection Problems/Issues

- Should Standard Interconnection Procedures for Class 1 Renewables be applied to Natural Gas Fuel Cells and CHP?

All the utilities were polled on how they treat the interconnection for non- class 1 RE. PSE&G said they do not have much experience with Fuel Cell interconnection. However CHP renewable they do have experience, the whole issue with connecting a rotating piece of equipment that is a synchronous machine it would be important to do a level three to protect the customer for safety issues.

PSE&G is not sure that this is the same for natural gas or renewable CHP.

ACE said they have a distributed gen department and all CHP is part of this. Any CHP systems gets a person assigned – key account manager and the project gets reviewed by technical team so there is consistency.

ACE said that the interconnection forms are for all systems interconnected not just renewables.

Rockland also has customers use the Level 2 or 3 agreement and they do require a utility grade relay.

JCP&L - has no fuel cells connected. They also would accept an application just like any distributed equipment. Need to determine if there are exports to the market proposed.

Scott asked if there are guidance in their documents and on their websites and the utilities did say that the Level 2 or 3 interconnection documents discuss this.

A question was asked to explain the different levels of interconnection in NJ:

Level 1 – less than 10kW and inverter based

Level 2 – is 2 MB limit –

Level 3 - non- ul 1741 inverter, rotating equipment, connecting into a network and over 2MB

Murray Bevin, Bloom Fuel Cells person was asking all these questions. They wanted some guidance for dealing with NJ.

Another person said that Natural Gas Fuel cells do not qualify for net metering thinks that if it could qualify that may help. Right now they are just interconnected. Others said load following equipment that does not export does not need net metering.

Fuel cells connection in other states often are connected in a Load following mode and then relay equipment would be needed but they would not need to go through PJM.

If you can't be net metered there is more equipment needed so the cost for more relay equipment. PSEG said that there is not requirement that mandates the extra relay equipment.

Scott recommended natural gas fuel cell developers work on understanding interconnection barriers and address them directly rather than seeking net metering status that they do not need.

VIII-New Business -

IREC folks mentioned:

Solar ABC's is hosting a webinar on Solar Fire. They are also putting together a white paper to test how panels are performing as they age.

Scott mentioned that two issues are making us more concerned about fire and safety:

1. More focus on battery storage
2. Staff recently learned that there are not very good practices in place among some municipalities in NJ regarding solar farms location of the fire hydrant.
3. Local requirements town water lines and place fire hydrants near inverters and transformers.

FERC small generator INX Standards proceeding to fast track smaller generators. - comments will be due on June 3, 2013, and there will be conference to discuss next month. (IREC will provide logistics to staff for circulation)

Another item in this proceeding has to do with better understanding the low load on the feeders. A topic that we covered in NJ – California is also having this discussion. The problem is that low load data on individual feeders are not available. EDCs provided a brief update on the work of QADO previously discussed in this work group.

The meeting ended at about 12:45pm.

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