

Renewable Energy Committee Meeting Notes Wednesday, November 12, 2008, 1-3 pm

Maureen Quaid brought the meeting to order at 1:05 pm; approximately 30 individuals were present for the meeting, and an additional unknown number joined by conference call.

1. NM-INX Stakeholder Meeting

Scott Hunter provided an update on Monday's stakeholder meeting on net metering and interconnection. He described near- and long-term rule changes that are planned. Phase 1 changes are anticipated to be presented to the Board on December 8 or 18. These changes will expand the rate classes eligible for net metering, separate interconnection from net metering rules, and address other housekeeping issues. Phase 2 will address real-time crediting and aggregated net metering.

The second part of the meeting was dedicated to community renewables. This is also on a longer timeframe for development. A report to the Board is scheduled to be delivered on December 18. A call for comments on this issue has already been issued. Interested parties should contact Anne-Marie McShea at the BPU. A listserv has been setup for this project; interested stakeholders can request to be added to the listserv by sending an email to McShea. The listserv is titled INX.

2. GATS Transition

Steve Wiese provided an update on GATS transition progress. He noted that the CPM contract extension through September 2009 has been finalized, and includes terms which permit CPM to assist with the transition. He said GATS, CPM, BPU staff and the Market Manager have convened two meetings together and are working on transition plans. Operational changes that have already taken effect include referring all 10 kW and larger projects and all PSEG solar loan program projects completed since October 1 directly to GATS instead of CPM. As a note of clarification the GATS transition is for solar projects only; wind and biomass projects still go to CPM and will transition in June 2009..

Wiese said the move toward SRECs is accompanied by a move toward more stringent metering standards for measuring SREC production. He said that all projects in the Pilot program are required to measure total solar production using ANSI C.12 utility revenue grade meters. There was discussion about applying this standard to CORE projects as well in 2009, and regarding the use of automated monitoring and/or 3rd party metering (such as metering provided by EDC through their SREC securitization offerings).

Wiese also described a need for clarification on the SREC eligibility date. Hunter noted that current BPU rules may not clearly enough distinguish between interconnection, net metering, and RPS requirements, but generally refer to the date of utility interconnection approval as the SREC eligibility date. He noted that subsequent operating practice attempted to discourage installing systems prior to approval in the CORE program by using the later date of utility interconnection approval or the date of passing program inspection. The market managers noted they do not receive information from all utilities regarding their date of interconnection approval and there is disagreement regarding what constitutes that date consistently among the utilities. Rick Brooke said JCPL grants approval and then changes out the meter later, but PSEG just changes the meter without any prior grant of approval. Lance Miller asked whether this can be addressed in NM/IC rule, requiring utilities to provide this data. Hunter said he thought it could. Dennis Wilson said he was concerned about operational requirements that could slow down the rebate process. Quaid asked EDCs and the solar industry to prepare recommendations for the next meeting.

3. CORE - Requirement for Approval before Building Project

Larry Barth said that next year's program plan removes the possibility for queues to form, and because of that the market manager will begin to enforce an existing requirement that proposed systems be approved prior to commencing construction. There was discussion on how this would

be enforced: by the date on the UCC sticker? by the date on the invoice for equipment purchase? Mark Valori said he will bring up this issue through the technical committee and bring a proposal to the group next month, with a planned notice to all installers by January 1, 2009.

4. Residential Capacity Caps

Larry Barth noted that existing rules require residential solar rebates to be capped at 10 kW. But application of this rule to non-solar and dual-technology projects requires clarification. In the case of wind projects, the market manager no longer uses system capacity for rebate calculation, but instead uses estimated annual energy production.

Mike Winka said a February 2006 Board Order limited CORE rebates to first 10 kW. BPU staff's recommendation at this time is to limit the wind rebates to \$51,200. Winka said this is a reasonable compromise and is roughly equivalent to the old capacity-based rebate limit of \$50K. A public notice on this issue was released on 11/10; comments are due 11/21; Board decision is targeted for 12/8 Board meeting.

A similar clarification is required for dual technologies, such as wind and solar. Hunter said the intent is to limit rebates to the first 10 kW installed when dual technologies are proposed.

5. 2009 Program Plans - Updated Elements

A formal comment period has begun on proposed 2009 program plans, with comments due 11/21. The Board has asked for comment on solar rebate level changes in response to the change in the federal ITC, and on 10 kW limits described above. Program plans are evolving and will reflect Board direction on these issues.

Mike Ambrosio provided a high-level review of budget figures for 2009. He noted the only change since last month is an increase in the offshore wind solicitation, which changed from \$8 million last month to \$15.4 million currently; he customer-sited renewable energy program dropped by an equivalent amount. The total in the customer-sited renewable energy program is now \$43.7 million, but there is also \$116 million in CORE carry-over which could roll over. There may also be some SACP payment revenue which would be available to new solar projects. The Board will finalize the 2009 budget at a special meeting to be scheduled between 12/8 and 12/18. There was discussion of several items which could potentially affect final 2009 budgets.

Charlie Garrison described the market manager's latest proposal for rebate levels:

- **Group 1:** \$1.75-\$2/watt in first refusal block. New applicants at \$1.75/watt, reducing by \$.05/watt if fully subscribed in less than 1 month.
- **Group 2:** propose flat rate of \$2.50/watt regardless of when projects complete.
- **Group 3:** Projects completing before 3/31/09 receive incentive level in their approval letter; after 3/31/09 deduct \$0.50/watt from approval letter incentive level.

Mary Uschak Sheehy commented that changing rebate levels from commitment level is not a good idea.

Mark Valori discussed a plan for transition from a 100% inspection rate to lower rates. When this occurs certain certification and training will be required from installers, inspection rate may go to as low as 15% accelerated by mid-2009, though certain categories will remain at 100%, e.g. PSEG solar loan program projects.

Hunter noted the EDA solicitation for manufacturing has been moved to 12/18. Another program with the Commission on Science and Technology is at MOA development stage. Paula Duran and Barbara Pierce are contacts for the EDA program.

Regarding the CleanPower Choice program, Mike Winka noted there are changes to the program which will come in a compliance filing.

6. Reconciliation of CRA and REP budgets

Quaid noted this issue was raised by rate counsel in comments on 11/10; discussion deferred to next meeting.

7. Other business

A question came up regarding the timeframe to begin accepting applications under the new programs in 2009. No specific date has been set. Board approval of budgets and program plans is required, Honeywell's contract extension must be approved, and time to prepare new program materials must be factored in. Possibly February or March 2009.

Next REC meeting: Tuesday December 16, 1 pm.

Renewable Energy Committee Meeting - Attendees

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