

Renewable Energy Committee Meeting

April 21, 2010

1:00- 3:30pm

Introductions:

Janja Lupton introduced herself as the new NJ State Director for both Renewable Energy and Energy Efficiency.

Revised 2010 Renewable Energy Program and Budget (Mike Winka and Mike Ambrosio):

Mike W. discussed the Energy Forum in which the Governor held on 4/20/10 – Key points:

- Gov stuck to campaign promises on Solar on landfills and off shore wind
- Mentioned that NJ is trying to bring in the supply chain on Renewables, especially off shore wind into NJ
- Stressed community involvement in solar industry
- Discussed the current fiscal issues we have.
 - Whole team sacrifices, all the programs need to share the pain.
 - All need to work towards new and efficient ways to rework the Energy Master Plan – charged both the BPU and DEP with working together on this.
- Financing opportunities – transitioning rebate programs with (or back to) the utilities
- Budgeting process starts in June – have one in place by the end of the year (sept latest). We need to start those discussions in June

Mike W. said that regarding the budgeting process the discussions have not started yet. Once the staff develops a strawman we will be bringing these issues into this forum and bring you into these conversations.

Question: There is a tremendous amount of anxiety/insecurity. It's not exactly helping the solar market right now. Whatever this transition it is critical that the staff involve the stake holders.

Mike W.: Yes, the staff agrees. The goal is to have transparency. To get to that point we need to have the discussions, the same way we did for the Energy Master Plan (EMP). From the solar stand point we are on target with our rebate transition and funding plan so now the question is about how we improve and expand it. I don't see a lot of changes in the solar energy program. They also talked about a portfolio project, how you get from the residential to the larger community system. The energy leaders also stressed that the updated EMP focuses on offering a portfolio of EE and RE services together to customers.

Question: Is there a new target for the RPS each year? Larry Barth said that this will be covered during the RPS discussion later in the agenda.

Revised Budget - Mike Ambrosio:

Mike A. discussed the recent Budget Order regarding the revised budget and Mike W. said that the BPU Board should sign that order either later today or on Thursday. Mike A. said that the only substantial change is additional \$7 million in expired CORE projects. The budgets for both EE and RE are now a little higher than in each straw proposal.

Mike A. also said that normally at the April meeting the BPU asks the Market Manager to start discussions about next year's budget. As Mike W said there are a lot of uncertainties, and we'll need more direction from the BPU and Governor's office with moving forward on budget process. One of those meetings was scheduled for later today. Board however has approved a CRA funding level of \$ 319 million for next year as compared to \$305 for this year. The budget will be starting out with new money and that is already in the Gov's proposal.

We also know TRC/Honeywell contracts expire in January 2011. Need guidance on whether or not they get extended or if the BPU needs to prepare an RFP. It is important that we all look for ways to improve the program. We want to encourage everyone to help and input their opinion. Think out of the box because we know we'll be challenged to do things differently in 2011.

Mike A. also discussed that there was a solicitation for CHP projects, but none of the projects have been approved. If the BPU were to fully fund the projects received, we would need to allocate \$48 million for all the projects.

Question – When you mention the CRA approved \$319 mil, does the Governor's budget allocate any part of that?

Mike W - the Gov's budget appropriates \$52 mil of the \$319 million.

Question/Request – Lease programs and Power Purchase Agreements (PPA) for residential are rebated at the non-residential rate. PPA's and leases provide solar systems to home owners in a much broader audience. It was requested that the BPU reconsider funding these projects at the residential rate verses the non residential rate.

Mike W- The rate determination is a rule, so any change would take Board approval.

Larry B suggested that this conversation would make more sense when we're asking for the ideas for how to improve the program for 2011.

Question: How much money is left in the budget for CORE project commitments?

Charlie G: Total budget for CORE commitments is 63.43 million and we were approving CORE projects up until May 2009.

Mike A: As CORE projects expire, the money that was previously committed will be available for the REIP budget through an approval process. The Market Manager plans to continue to actively review projects close to expiration.

Operations update (Tammy Gray) Presentation #1:

Number of applications received weekly:

Tammy Gray reviewed the average weekly number of applications. It has been steadily increasing starting 2010 with about 50 applications received per week. In the last three weeks of March we received 135, 210 and 150 applications per week.

Funding Cycle 1 update:

Non-Residential - We had reached the budget for non-residential with applications received in mid-February.

Residential – We had reached the budget for residential with applications received in mid-March.

Rebate changes and EE starting May 3, 2010 (funding cycle 2):

No more options are available to receive higher rebates when you perform energy efficiency measures in funding cycle 2.

Residential: 10kW or less - \$1.35 per watt but no energy efficiency required.

Residential: Greater than 10kW - \$1.35 per watt **but in order to receive any rebate you must perform both the Home Performance with Energy Star (HPwES) audit and then implement atleast two measures in the Comprehensive Package.** This is the Old Step 3/Tier 3. The free air sealing is no longer available as a stand alone program. Air Sealing can be included in the Comprehensive Package.

Non-Residential: \$0.80 per watts up to a 50kW system but no energy efficiency is required.

Non-Residential greater than 50kW – no rebate – participate in the SREC only program (SRP).

Applications vs. Budget:

Tammy G. reviewed the new funding cycle budgets and the applications that we currently have in-house that were receive prior to closing funding cycle 1.

	Applications Received Funding Cycle 1 (a)	Funding Cycle 2 Revised Budget	Available Funding Cycle 2	Funding Cycle 3 Revised Budget
Residential (b) @ \$1.35	\$1.7 M	\$6.0 M	\$4.3 M ©	\$5.2 M
Non Residential (d) @ \$.80	\$3.3 M	\$1.5 M (e)	-\$1.8 M	\$1.5 M (e)

(a) Applications received have not been reviewed for completeness; 20% average return rate

(b) 348 applications received, 1.2MW

(c) Room for approximately 400 applications @ 8kW per

(d) 248 applications received, 4MW

(e) Budget could be increased by cancelled projects (The CORE projects discussed early in the meeting – this is a really possibility that we could get enough cancellations to bring the budget back to the original funding cycle numbers)

Question- Is TRC not doing Direct Install Audits any more?

Mike A: If you have a customer that is being refused a Direct Install Audit, you need to contact Larry Barth and then copy me.

Comments/ Concerns from the group include:

- With the applications in house and the small funding cycles it seems like we are back to having queues.
- These small funding cycles are going to cause panic and the quality of the systems being sold will decrease.

Both Mike W and Charlie G said that they were confident that we will have enough CORE expirations to satisfy application that we have received in house and new applications.

Funding Cycle 2 Existing Application Modification - Joanne Bachmann

Presentation #2:

Joanne B. discussed the process for applications in Funding Cycle 2:

For existing applications that the NJCEP received in Funding Cycle 1 before the announcement was made that the cycle was fully funded:

The Market Management (MM) team developed a letter requiring the signature of both the applicant and the installer that verifies knowledge and acceptance of the lower rebate and gives authorization for the MM to review the application. Current applications in house will require this letter and an updated technical worksheet. Once the Board order is signed, the letter will be mailed to the applicant. A copy of that letter and the updated technical worksheet will be available on the website. The installers will receive an e-mail listing their customers with application in-house and detailing the process to update the application. These updates can be sent in at anytime preferably earlier than May 3, 2010. They will receive priority review if they are received by May 3rd.

For new applications that are received on May 3rd or later:

The process for new applications is the same as it was in funding cycle 1 except the new applications must include the new updated technical worksheet dated April 2010.

Joanne B. stressed that all these documents have been approved by the BPU and are ready to go. Once the board order is signed, MM plans to update the website, send out the letters and send out the installer e-mails ASAP.

PV Watts & Program Applications - Theresa Heller - Presentation #3:

Theresa H. discussed how the MM uses PV WATTS. It is used to calculate the expected PV system production which is used to compare with annual electric consumption. It is

also used to compare the ideal vs. design system PV production to ensure the 80% minimum output standard.

Theresa shared the verbiage that is currently on the updated **Application Checklist** regarding PV WATTS as it relates to the ideal and the designed system:

Solar customers must submit PVWATTS (Version 1) documentation that supports the system production estimates for both the **designed system** and the **ideal system**. **Both PVWATTS submissions must use the standard default derate factors. (Minimum output standard is 80% of ideal system.)**

- When calculating the production estimate for the **designed system**, use the system size inputs, tilt and orientation submitted on the Technical Worksheet. Do not include shading or change any derate factors.
- When calculating the production estimate for the **ideal system**, use the system size inputs submitted on the Technical Worksheet, but **use true south (180 degrees) as the orientation (azimuth) and use the latitude for the location** selected for tilt and no shading.

Theresa H. explained why the MM needs the applications to come in without the derate factors changed:

- High volume of applications requires simplistic approach.
 - Additional forms would be required to validate changed derate calculations. Initial review process does not have the bandwidth for a technical review without adding weeks to the approval process.
- Changes to system during installation cannot be accounted for in an initial review.
 - The As-Built review process could reveal more/less shading or changes to efficiency that could impact meeting program requirements.
- Process is set up to account for shading & inverter/panel efficiency in the as-built paperwork.
 - Goal is to design the most efficient system with the greatest solar access. If system is designed with shading impact accounted for, and shading is then removed, system would be oversized.

Theresa clarified that for the applications that are part of the 516 that we have in house, if you currently do not have the PV watts at .77, we will accept updated changes when you submit your signed letter and new technical worksheet.

Question arose on how production is reported to the GATS System for SREC reporting for those systems that do not have the ANSI C. 12 meter. Charlie G. thought it was based upon the production included in the AS Built paperwork but was not sure. It was not clear if shading was being taken into account. It was suggested that we clarify this at a future meeting.

Technical Updates - Mark Loeser - Presentation #4:

Mark L. reviewed the status of our current inspections:

- Number of inspection requests has been growing significantly
- Currently scheduling out 4 – 5 weeks
 - Matrix designed for 2 weeks
- The primary causes are the increased number of QC installers and higher number of residential projects than originally planned for and QA Eligible Installers are failing inspections.

Mark L. also discussed the key issues/topics discussed at the Solar technical working group meeting on April 12th:

- Solyndra module presentation
 - Comparison of the Solyndra production tool to PVWATTS.
 - Conservative approach of reducing model performance by 4%, but later reduced to 3% with a 6 month reevaluation of the performance tool to PVWATTS and actual production.
- Enphase inverter presentation
 - Shade impact, operations of product, and PVWATTS derate impact
- Wiley shade tool presentation
 - System operations, advantages/disadvantages,
 - General consensus is that it is not ready for deployment

Mark L also shared that many more QA Eligible Installers have completed the required training. The New installer training classes have been very successful and most have been taught to completely full classes. The May 12th New installer training at Eco-Complex is full, and the May 27th class is more than 30% filled. Mark mentioned that we have begun training financial institutions with more to come. A full training schedule will be posted on the NJCEP website by early May. Also, there will be a Wind Site assessor training in September 2010.

Mark also clarified that requesting a 2nd inspection verses the option of sending the inspector pictures of the installation showing the problem was fixed, is up to the discretion of the individual inspector.

Question: What are the financial trainings that you are referring to?

Mark L: Financial training refers to helping commercial banks that finance residential and non residential systems better understand the RPS and the SREC system.

Question: The inspection reports are taking longer and longer, will anything be done to remedy that?

Mark L: The Inspectors come in on Monday and it is expected that they complete all reports from the inspections performed during the previous week.

Honeywell inspectors also have a similar process. Mark L said to please send him an email if you have a specific situation that is taking too long.

Wind Update- Larry Barth

Larry said there are 4.5 million in the revised budget for Wind/Biomass. This includes the funds allocated for approved applications. The planned programs have not changed and still include the Innovative Wind Technology and the Feasibility Studies. These programs have yet to be detailed and approved by the Board.

PSE&G Update (Fred)

The Solar Loan program just got its 100th applications. The loan program has closed over 40 million in loans. There's a lot of interest in program. Visit the website:
www.pseg.com/solarloan

PSE&G will be asking the BPU commissioners to raise the limit of Solar loan 2 programs back to the limit to where it was in solar loan 1.

Solar for All is moving along well. Segment 1A is being developed on all PSE&G property. There are four ground mounted sites which are working their way through permits. We just received approval in Trenton and Hamilton Township to move forward with the projects. Edison and Linden are the other two sites.

Segment 1B – We want developers to work with host sites and bring them to PSE&G. We received far more interest than we have capacity (Capacity is 10 MW), so PSE&G are in the process of ranking them.

Segment 1C – 3rd party host sites is UEZ's. Almost under contract for those projects.

Segment 1D – Pole mounted panels. Installed 14,000 units with a goal to get to 70,000 units. We're behind only because we had some delays due to the Nor'easters. Installation is proceeding on them.

Mike W. asked if the poles mounted systems had any issues with the Nor'easters. Fred L said that nothing got detached from the poles but just like other nor-easters, the poles did come down.

Question - What is PSE&G's solar required capacity in 2010 and what's projected in 2011?

Fred L: Segment 1A has 15 megawatts, we're on track. 1D- pole attached is 40mw for this year. 5MW in UEZ, something less than 10MW in 1B.

JCPL/ACE/RECO Solicitation Update (BPU Staff – no one from this group was present)

The 3rd solicitation closed on March 5th. Results will come to the board on April 28th. The next solicitation will be in June/July timeframe.

OCE Staff Legislative Updates (Mike Winka and Scott Hunter)

Mike W. mentioned that there is a stakeholder meeting about Net metering and Interconnection on April 30th. It's been posted to RE listserv and website. The utilities and PJM will be there. Other discussion at this meeting includes the SRP and the impacts of the solar installations on the distribution system.

Aggregated Net Metering (Scott Hunter)

Aggregated Net Metering will be addressed at 4/30 mtg. We are waiting on reports from utility companies.

Question/Comment: Having line problems in JCPL territory. The high a/c voltage is shutting down invertors. ACE is also having issues with not being able to interconnect some customers because the lines cannot handle it. Are these topics something that should be covered at this meeting?

Scott H – Yes, we will discuss these topics

RPS Rule revisions (Anne Marie McShea)

Most of the rules will be a special adoption as is on a fast track. So there will be no public comment period.

Question: What is in the fast track?

Anne Marie M: An automatic 20% increase, the framework for determining supplier obligation, removal of 2 MW net metering cap when consumption can justify, and requirements for SRECS.

These rules will go into effect on July 1st 2010. The rules will be proposed sometimes between now and then. Fast track becomes affective July 1st.

Some of the other parts like the 15 year SACP and the 3 year SREC extension are only now just being discussed in committee and will not be in the fast track.

Anne Marie M. also discussed that the other requirements for the Energy Master Plan are being looked at and we will revisit the plan looking at the underlining assumptions and estimated targets. .

Prevailing Wage Update (Mike Winka)

BPU is still looking to meet with the Dept of Labor. Dept of Labor is a worse transition than the BPU is and their leader will not start the position until May because there is some controversy on the nominations. That's what is holding everything up. In the meantime you can call Dave Biglet. His phone number is on website. He is very responsive.

Grant awards (Scott Hunter)

Scott H. said the board approved some wind and biopower grid connected grant applications. Four were received and two were awarded. One is a 2MW Cape May landfill gas energy plant and the other is a 7.5MW wind system for Port Authority of NY/NJ. The Port Authority project is a grid supply with some onsite consumption components. 60% of the request was awarded which was 3.6 million. The other 40% was recommended to apply to REIP Program. The other two were not granted- they were more appropriate for the REIP Program.

Other Questions or Comments:

Question on Prevailing Wage: Is there a July 17th meeting on Prevailing Wage?

MW: Not aware of one unless the DOL set that up and I don't know of that.

Question: For the new funding cycle 2 – what are the EE Requirements?

Janja Lupse: I can distribute the presentation this morning for EE audit prices.

Question: PJM is now becoming an SREC aggregator and broker. This new company is contacting my clients the NJCEP sends over customer information for the SREC system. This should be a conflict of interest.

Scott H- We don't regulate PJM. This new company that they are creating is a wholly owned subsidiary, and they should not be marketing to your clients.

Mike W- As you know the reports are public information on who has systems and available on the website, but we will look into them doing this.

The Next RE Committee meeting is Tuesday, May 11, 2010 and the location is TBD. Meeting adjourned at 3:20pm.

**Renewable Energy Committee Meeting -
Attendees**

Wednesday, April 21, 2010

Board of Public Utilities
44 S. Clinton Street - Multipurpose Room
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