

Renewable Energy Committee, April 15, 2008

Meeting Notes

Maureen Quaid brought the meeting to order at 1:00 pm.

1. Introductions

All participants in the room as well as those on the phone introduced themselves.

2. Securitization

Mike Winka reported on the second securitization workgroup meeting. Initial workgroup meeting resulted in small working group to flesh out discussion on whether securitization can be incorporated into BGS Auction. Concluded that it was possible but highly complicated. Plan to develop several options, including option by Mark Warner in which EDCs were the securitization pathway. Plan to work with LSEs, rate counsel, EDCs, and solar industry to flesh out ideas. OCE is also meeting internally to discuss RGGI amendments' applicability as well, which provides statutory authority to direct utilities to implement programs. In any case, it will take time to implement. Existing plan to use SACP to help securitize loans will move forward.

Additional option is PSEG proposal which has been approved. BPU has suggested they would like to see other utilities come forward with similar proposals as stopgap measure on the way to a more permanent securitization solution.

Winka suggested additional options may be presented, but require a stakeholder to take ownership of the option and present it to the securitization work groups.

Stakeholders noted they were about to enter 8-year deals with energy companies, but outcome of securitization meeting was that deals are being held back. Some concern expressed about the need for the Board/OCE to issue clear direction to the market on this issue. Winka responded that it will take time for these proposal to develop.

3. CRA

Winka said hearings were scheduled for April 22 and May 6. OCE is working on revised straw proposal. With balance between rate impacts, meeting RPS, and energy reduction goals, Winka doesn't think we can put enough money in the programs to buy enough activity to meet all the goals. Formal period will begin on April 22, with comments through May 6. OCE will prepare recommendation to Board, aiming for June 12 Board agenda, but also want to ensure we get the budget and funding levels right.

Order will be forthcoming May 8 to define utility program requirements. Policy question is whether all funding levels are separate, or is there some total amount that the Board wants to recognize which adds up to some rate impact. Determines whether programs are pancaked on top of one another.

Mike Ambrosio said under renewables, at this point there won't likely be changes on overall funding levels. Changes revolve around trying to tie funding levels to specific MW and master plan goals. We heard your comments, but staff needs additional input before it can change funding levels. Encourages all stakeholders to provide formal comments and approach Board directly regarding needed funding levels.

Winka said Board members have not yet decided on whether increasing or decreasing funding levels is appropriate at this time – they expressed interest in hearing formal comments on this matter.

4. CORE LT10KW Commitment Length Expansion

Scott Hunter reported April 8 Board Agenda meeting, Board expanded existing commitment length for these projects as a result of 2 factors: 1) delay in releasing new approval letters, and 2) delay in implementing new invoice processing system. Automatic expansion of rebate commitment length from 9 months to 1 year.

Ambrosio asked what about projects that had previously expired. Hunter responded that any project that expires in 2008 is eligible for the extension. A project that expired January 1, 2008 would have received a 90 day extension to March 31.

5. SREC Trading Platform Transition

Winka explained that existing contract with Clean Power Markets extends through September 30 2008. He explained that OCE does not have a contract in place for transition related activities. OCE is working with other parties, including PJM-GATS and Clean Power Markets, to identify transition options, technical requirements, with goal of initiating transition process on June 1, 2008, and either closing the transition process by fall 2008 or fall 2009. Have been meeting on a weekly basis to go over tasks and continue working toward putting details together.

This project has also been delayed due to contract modifications. We started late, and OCE is asking Treasury to extend existing CPM contract. It is a request which may or may not be granted. We are proceeding with an understanding that contract ends in September 30, 2008. The option assumes a 1-year extension of the CPM contract. OCE has been assisted by the Market Manager in looking into both options. Request to Treasury is either in now or will go forward tomorrow. Extension request would go through EY09.

What was reason for changeover? Winka replies it was a Board directive to move all projects to PJM-GATS for reasons of efficiency, regional consistency, and regulatory direction.

MSEIA requests opportunity to comment on and participate in transition. Stakeholder group requests notifications go out onto listserve.

Wiese describes services requested of GATS: 1) kWh data entry and partial MWh rollover, and 2) development and automatic entry of estimated production.

Quaid explained that NJ aggregators will be required enforce granularity at the generating unit level, even though this may not be enforced by GATS itself.

Question about reporting, and whether reports can continue to be created regarding REC volumes and pricing. Wiese responded that this issue has been brought up with GATS.

Ellis said PJM-EIS is a for-profit PJM affiliate with no regulatory oversight. Fee structures which could be consistent with GATS-like fee structure. Ellis argued that CPM is also working within the region and has a regional system.

Question as to whether CPM could subcontract with GATS. Winka responds that this option would be between CPM and GATS, this decision is for them to determine.

Updates

6. Program Coordinator Transition

a. Approvals and Payments

Ambrosio says good news is electronic invoice processing system is fully functional now. Hope to shorten time between when Honeywell submits an invoice and when it is processed. Under new system invoices are circulated electronically for approvals. Some recent examples showed approvals can be completed now within just a few days. Another delay was with file review, triggered by invoices coming in, but now that review is being completed prior to the invoice being submitted. Expects timeframe for checks being cut to shorten significantly.

Approvals. AEG is also reviewing files before they are approved. AEG is reviewing all, 25%, or 10% of approvals depending on system size. This should shorten the time for completing approvals.

Question as to any idea if/when queues will reopen. Ambrosio responds that could happen if/when new funding is approved. May be funding leftover from carryover from previous years. This has happened in past years. If additional funding is available, staff would recommend to Board to which programs this should be allocated. Second, shortfall between committed funds and funds actually expended. Third, there is an expectation of an interest payment of \$6 million in July. Fourth, some money from offshore wind solicitation may be available for reallocation. There is \$19 million in this category. Projects canceled or scrubbed could also contribute to available funding. Staff will bring recommendation to Board, if funding is available and if Board directs those funds to the CORE program, then queues could reopen.

7. Renewable Program Plans – process & timelines

a. 2008

Winka says plans are approved, but still waiting for Treasury approval of contract modifications. Verbal approval from OMB on availability of funds. There are no contract modifications affecting the CORE program, but some contract modifications affect the Pilot and REC programs.

b. 2009

Ambrosio says 2 pieces. First is funding level, goal is to have a Board Order by July with ultimate goal of having program descriptions, budgets, and proposed contract modifications, and performance incentives presented to Board by October 1 this fall, enabling program changes to occur on January 1, 2009. Market Managers have been asked to start this process, based on budgets in staff straw proposal. As time goes on, budgets and plans will need to be updated. Starting with next month, Market Manager should start introducing high-level budget and conceptual issues, then refine these issues through the summer and fall.

Mary Uschak submitted transition proposal, would like to coordinate assumptions with Market Manager team. Ambrosio suggests starting these conversations at the working group level.

8. Working Groups

a. Solar Technical

Mark Valori mentioned 2 deliverables. The first is a first responder and PV training document for police, firefighters, and EMTs. Should come out of group this month. Second item is the model municipal RFP covering solar and possibly other technologies as well. Next meeting is May 12.

Also issued a bulletin on a change in the solar inspection process. Only change since last REC meeting is a note which says the interconnection application should be submitted after the UCC is submitted.

b. Biopower

Mark Valori reported this group has been divided into three subcommittees which have submitted comments on CRA process. Scheduled to meet again prior to April 22 meeting. Market Manager will distribute revised straw proposal to working group members.

c. Small Wind

Alma Rivera said AWS True Wind was attempting to get interactive map online this week. CORE program has adopted expected performance based buy down, using proprietary 7th Generation calculator. Small Wind committee has been working to expand the list on the calculator to include additional turbines. Anemometer loan program, finalized recommendations and Board Order by end of June. Note that Board has posted 30 day notice (dated April 5) of requirement to install an anemometer with installation of

wind turbine. Wind stakeholders also submitted comments on CRA. Anticipates that biomass and wind applications will soon exceed 2008 budget application.

Ambrosio asked about virtual net metering for community based systems. Is anything being done to make this happen? Winka responded that this is a technical issue which can be assigned to technical staff, whether this is a possibility within the EDI system. Winka says it should be an assignment for the technical working group. Hunter points out that this is not technology specific. Winka says we need a technical group to identify barriers, costs, etc. Hunter says organizationally this would have been a good fit for the net metering group, which was integrated into the RPS group. Ambrosio agrees that it is primarily a technical issue, but also says it might raise regulatory and legal issues as well.

Fred Lynk says whole concept of net metering doesn't include the concept of generation and virtual wheeling, which is perhaps a closer description of what this issue is. Winka says the question is where do you draw the line on net metered. Doesn't make sense in a condo community or apartment building. Not sure he reads the statute as clearly as Fred Lynk does. Says proximity to the onsite generation is key to concept – not long distance wheeling. Lynk says it has been considered for contiguous properties, not across towns, city streets, only. Hunter said this has been brought up regarding “mega-rule change.” Intent to follow up with public rulemaking regarding RGGI and EDECA, SB 2936 and SB 344 requirements, which includes time of use net metering. Winka believes Vermont may have a model worth exploring.

We need common definitions and understanding of “community solar,” “real time net metering,” and “virtual net metering.”

9. Program Updates

a. CORE

Larry Barth presented slides regarding the CORE program. Approvals and payments are major focus now, getting back to business. Outlined changes to approval letters. All application pools are closed other than Sunlit and non-solar. Working on regularly-scheduled queue updates. Direction was provided by OCE staff to classify all existing wind and biomass projects (approximately \$1 million in total) under the new wind and biomass budget category.

b. SREC-only Pilot

Wiese reported on the latest Pilot program enrollment and acceptance figures, as well as on the project development pipeline. Hunter noted that a 40% response rate was very good considering the development pipeline figures were derived from an email survey. It was suggested that a second line be added to the chart, showing actual completions. Some participants indicated high variability in the

c. CleanPower Choice

Quaid introduced Bill Marshall introduced as new program manager. She mentioned that we plan to begin marketing the program to all contractors/vendors and their employees. Quaid also mentioned that the REC verification report has been completed.

A request was made for CPC offerings with NJ solar content, also a note of Austin Energy's program design. Winka said nothing stops retail electric suppliers from offering such products in the marketplace. Now offering block programs to increase customer flexibility.

In response to question, Quaid said current enrollment is about 14,000 customers. Also a question about late bill paying bumping customers from CPC enrollment.

10. BPU Proceedings and Rule Changes

a. EMP

Winka said plan is supposed to be released as a draft tomorrow.

b. RGGI

Winka said executive session w/ Board, and discussion of minimum program filings. Order expected May 8. Circulated utility comments, rate counsel comments, and staff discussion. Trying to strike a balance between quick deployment and scale.

c. 2007 RPS Compliance

Jackson said he has received all reports from February. Notes it has been difficult to comply with requirements, data reported has not been uniform. Bottom line is Class 1 ACP is 529 out of over 300,000 total Class 1 RECs. Will put out technical guidance document to enforce reporting consistency in the future.

d. RPS

Winka reported that OCE is putting final touches on RPS rules coming out of solar transition order. Latest draft was February 5, planning to bring to Board Agenda on May 8 for publication in NJ Register. Will have an opportunity to comment on formal proposal. Sam Wolf is the key staffer on this project.

Looks like SREC market will be somewhat short for EY08. Question if short in EY09 will LSEs be able to back out of their commitment. Winka said only grandfathering applicable to LSEs is pass-through of cost differential. Winka said Commissioners expectation is to have the LSEs comply with RPS.

e. Net Metering/Interconnection

Hunter reported plan is to form stakeholder group to accommodate SB 2936 changes. Plan is still to kick off with mega-rule making working group during first week in May.

f. PSE&G Solar Initiative

Hunter said this initiative was approved at the last Board agenda meeting. Lynk said PSEG has all information available on its website, but all is still pending issuance of a written order. Timeline on residential sector is uncertain, Lynk said PSEG plans to convene working group as soon as Board Order is issued. Lynk said interconnection agreement is required up front. Lynk said 40-60 percent range of loan amount to total system cost. The financing amounts to \$475 per SREC.

Winka raised question of whether these projects should go through the SREC-Only Pilot project, and/or be subject to NJCEP program inspections. Winka says they don't have to be registered in the Pilot program, says it would be the obligation of PSEG to inspect. Lynk took issue with this and asked for further discussion on this matter. Quaid says inspections may be going away, becoming more irrelevant as emphasis on up-front rebate funding is diminished. Ambrosio said shift is away from systems inspections and toward verification/validation of reported generation.

Lynk says someone needs to verify that the system PSEG is loaning money to needs to have someone verify what's actually been installed, but that this function wasn't included in PSEG's administrative overhead in the solar initiative. Also notes that PSEG does not desire to have more than one inspection of the system.

g. Solar Transition

Of 8 points in solar transition board order, the only one which takes effect June 1, 2008 is the new SACP level.

Brooke notes that NJCEP inspection serves a customer protection function.

11. Marketing and Communications

12. Other Business / Next Meeting

Next meeting is May 13.

Renewable Energy Committee Meeting

Attendees

Tuesday, April 15, 2008 1:00PM - 3:30PM

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