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## **Comments of the Fuel Merchants Association of New Jersey (FMA) regarding 2011 Clean Energy Program/Budgets**

**Date:** November 17, 2010  
**Submitted by:** Eric DeGesero, Executive Vice President  
**Submitted via:** [www.njcleanenergy.com](http://www.njcleanenergy.com) portal

The Fuel Merchants Association of New Jersey (FMA) represents small businessmen and women who distribute heating oil, gasoline and diesel fuel in the state. Our members distribute heating oil to residential, commercial and industrial customers and distribute branded and unbranded gasoline and diesel fuel to service stations they own, and to service stations they supply, as well as to state and local governments and commercial fleets. FMA's members also install and service central heating and air conditioning equipment and a growing number of members are now certified to perform energy audits and install energy efficiency appliances/measures under the state's Clean Energy Program.

### **Home Performance with Energy Star (HPwES) Program - 2011**

The Home Performance with Energy Star (HPwES) Program is a great concept, namely it is moving contractors from simply changing out a "box" (boiler/ air conditioner) to looking at how that "box" functions as an integral part of a total system in a residential building in a manner that maximizes interior comfort while minimizing cost and energy utilization.

The HPwES Program needs to be transitioned from one that overly relies on rebates to one that can become self-sustaining. The State simply does not have enough money to perform energy efficiency services at all residences. Over the long term the Program needs to transition to a revolving loan fund.

Relative to the 2011 proposal, while the incentives are reduced from those offered through 2010 they are still generous enough to achieve energy efficiency measures. What is missing is getting your "foot in the door" to sell the job in the first place.

Fundamentally, the value of the home energy audit appears underappreciated. A subsidized home energy audit, performed by a qualified contractor, provides the consumer entry into the realm of energy efficiency improvement with a low cost of entry.

The results of the audit can provide the homeowner with an energy efficiency roadmap and a list of measures accompanied by their respective cost benefit ratios. This coupled with the rebate proposed for air sealing measures provides a means for the homeowner to experience the reality of the benefits which can be achieved through implementing energy efficiency measures. As the consumer enjoys lower energy costs, they 'take ownership' of the concept and become energized to continue with implementation of the measures set forth from the energy audit conducted. In this manner, the consumer savings drive the demand for energy efficiency, not rebates.

FMA urges you to reconsider subsidizing the initial whole house audit as was previously (\$125 paid by homeowner and \$175 paid by State).

On another topic, FMA has serious reservations concerning Honeywell's 2011 proposal relative to contractor incentives.

Since the Program reopened at the end of July (and through November 12, 2010) only 857 HPwES applications have been submitted. The reason for such a reduced number is not the reduced customer incentives, these incentives are still enough to afford homeowners a cost effective option to reduce their energy consumption. Rather the uncertainty of the program from the perspective of the contractor is the biggest impediment.

It is interesting to note that 60% of the jobs done since the program reopened have been in New Jersey Natural Gas' (NJNG) service territory. NJNG has a program funded through their tariff which affords homeowners roughly the same level of funding they would receive through the HPwES program directly but don't have to go through the procedures, and delays, of HPwES.

As of today, there are FMA members still waiting to be paid for jobs they completed in April. Additionally, they are owed tens of thousands of dollars which is aged over 6 months. Small contractors do not have the wherewithal to finically carry a receivable of this size for that length of time. Furthermore, customers are also having to wait many months for payment.

Honeywell's proposal for 2011 reduces the contractor incentive to \$500 from \$1,000, which is down from \$1,400. This \$500 will be reduced to \$250 if the job fails inspection and \$0 if it fails again. There are two points to make on this.

First, no one can argue that contractors participating in the program should be held accountable for the work we do. However, some members have had personal experience with Program

inspectors who have told them a job was not done properly when in fact the discrepancy was due to the inspector's lack of familiarity with the manufacturer's standard for the equipment which was being inspected.

FMA recommends that contractors be afforded a means to have deficiencies identified in an inspection reviewed prior to the imposition of financial penalties.

Additionally, the countless hours of back office paperwork and review that the HPwES Program takes justify the contractor incentive and as I previously stated the cost of having to carry the receivable.

### ***WARMAvantage 2011***

FMA supports the continuation of *WARMAvantage* rebates for all heating system replacements. The ability to help offset the incremental increased cost of a higher efficiency system is sound policy.

FMA also recommends the Office of Clean Energy expand *WARMAvantage* Program to include rebates for the installation of integrated control systems on hydronic equipment. New Jersey has a high percentage of heating equipment which delivers space heating through boilers (the circulation of hot water). Integrated control systems increase heating efficiency by reducing standby losses, that is the unused BTUs stored in the boiler after the living space has reached the desired temperature. These technologies can reduce heating cost by 5-10%, and two manufacturers (Beckett and Intellidyne) guarantee 10% savings and field experience show closer to 14%, and can be fitted to all boilers regardless of fuel. This is a means to deliver a great amount of efficiency without a high cost. Since the installation cost is typically between \$500 and \$1,000, the return on investment is very high. Encouraging consumers to avail themselves of this technology through a *WARMAvantage* rebate provides another means to deliver energy efficiency.

**From:** Mitchell, Allison [Allison.Mitchell@bpu.state.nj.us]  
**Sent:** Wednesday, November 17, 2010 12:06 PM  
**To:** Mike Ambrosio  
**Cc:** Boylan, Rachel  
**Subject:** FW: Additional comments on New Jersey's Clean Energy Program DRAFT 2011 Residential Energy - Home Performance with Energy Star

Allison E. Mitchell  
Administrative Analyst I  
Office of Clean Energy  
State of New Jersey Board of Public Utilities  
Two Gateway Center  
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(973) 648-7419

-----Original Message-----

**From:** A&E Construction [mailto:ae.construction@comcast.net]  
**Sent:** Tuesday, November 16, 2010 9:32 PM  
**To:** OCE  
**Subject:** Additional comments on New Jersey's Clean Energy Program DRAFT 2011 Residential Energy - Home Performance with Energy Star

To:

**NJBPU**

Reference:

**Public Comment on - NJCEP Draft 2011 – HOME PERFORMANCE with Energy Star**

**Additional Comment - Nov 16, 2010**

From:

**Greg Fontaine, Owner A&E Construction**

NJ Clean Energy Home Performance Contractor  
BPI Certified Contractor  
Licensed NJ contractor (13VH00799300)  
Licensed NJ Building Inspector  
NJBIA - Member  
NARI (National Association of the Remodeling Industry) - Member  
Princeton Regional Chamber of Commerce - Member

Dear BPU President & Commissioners,

I'm hoping you can provide answers to the following budget questions and incorporate better financial reporting in next year's (2011) Home Performance with Energy Star program.

- How much is the BPU (HPWES program) charged to carry the \$10,000 no interest loan for ten years?
- How is this reported/ accounted for in the program spread sheets?
- Why does EFS immediately sell the loan to other banks? Looks & sounds a lot like the banking issues that got us into the current recession.
- Are EFS rates competitive with the current interest rates for this type of home equity loan? Current rates for these types of loans are at 3-4%. How much are they charging?
- How many HPWES job have been applied for/ approved under the reduced incentive program guidelines (Total Energy \$3,000 incentive for 25% minimal energy efficiency improvement) since its inception?
- Why isn't a better reporting (breakdown of the costs) provided? As "Home Performance Contractors" we are required to breakout every individual cost to the homeowner in our contracts why isn't the BPU held to the same standard?
- I also think a report showing the number of active Contractors and amounts paid to each (Company names don't necessarily have to be included) would be very helpful to gauge the program. In that way we could see if most of the funding was going to a few companies or if it was fair distributed among the participating contractors. Limiting the amount of project each company could compete (50 possible) in a given year would also level the playing field and fairly distribute the limited funding now available.
- Why was the Home Performance with Energy Star budget cut so severely (38% reduction) when most other programs received only minimal cuts?
- Why weren't Administration & "Rebate Processing, Inspections and Other Quality" budget reduced by the same percentages/margins?
- Why has the BPU decided to downsize HPWES (such an important program, good for the consumer, excellent overall energy savings, economy stimulation, in line with NJ's energy reduction goals and excellent track record prior to April 2010 restructuring) ? An important program like this one should grow with time not be reduced with such extreme measures.

Sincerely,

*Greg Fontaine*

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**From:** Mitchell, Allison [Allison.Mitchell@bpu.state.nj.us]  
**Sent:** Wednesday, November 17, 2010 12:20 PM  
**To:** Mike Ambrosio  
**Cc:** Boylan, Rachel  
**Subject:** FW: Comments on New Jersey's Clean Energy Program DRAFT 2011 Residential Energy - Home Performance with Energy Star  
**Attachments:** NJ\_HP\_-\_Contractor\_Meeting-\_4\_23\_10\_Final Review.pdf

-----Original Message-----

**From:** A&E Construction [mailto:ae.construction@comcast.net]  
**Sent:** Sunday, November 14, 2010 10:03 PM  
**To:** OCE  
**Subject:** Comments on New Jersey's Clean Energy Program DRAFT 2011 Residential Energy - Home Performance with Energy Star

To:

**NJBPU**

Reference:

**Public Comment on - NJCEP Draft 2011 – HOME PERFORMANCE with Energy Star**

From:

**Greg Fontaine, Owner A&E Construction**

NJ Clean Energy Home Performance Contractor  
BPI Certified Contractor  
Licensed NJ contractor (13VH00799300)  
Licensed NJ Building Inspector  
NJBIA - Member  
NARI (National Association of the Remodeling Industry) - Member  
Princeton Regional Chamber of Commerce - Member

Dear BPU President & Commissioners,

I would like to take this time to voice my concerns with the 2010 Home Performance with Energy Star program & make recommendations for the 2011 program.

To be honest, I am deeply disappointed in the way the 2010 Home Performance Program was executed and managed. In April when the program (without notice, webinar notice given on a Friday with changes effective on the following Monday ) was converted to Total Energy and most incentives were drastically reduced or eliminated, the program left little value for NJ rate payer and Performance Contractors. The \$3,000 incentive ( if 25% energy savings could be obtained) was easily out weighted by the added burden to Performance Contractor who would have to increase the sales price of the work (verses someone who does not have conform to program guidelines) to account for BPI accreditation & association fees, mandatory specialized equipment, NJCEP audit & program paperwork, meticulous "Real Home Analyzer" entry & calculations, extended lag time to be able to start work, lengthy

inspection process and money float in carrying the total cost of the job for up to 6 months. In addition the program truly made all of us look incompetent and unprofessional in the eyes of the customer (constant program changes, delays in processing / approvals and loan applications, required re-submittals due to ESF loan time restrains and CSG failure to process paperwork effectively). Then the program shuts down for three months (May- Aug) disallowing any new work scope applications into the program (you get the picture).

Please take a moment and think about how these program changes effected customers & contractors from their perspective. A sense of mistrust and disbelief was definitely established. Client became weary of the program because the new incentives were low (relatively speaking for a \$20,000 to \$25,000 investment) and the time commitment, required involvement and guidelines became a constant moving target. I bought into this program's promise in Oct 2009 (2010 commitment) and devoted my company into becoming the best "Home Performance Contractor" possible. I made it a priority to get properly trained, developed a business plan, bought need specialized equipment, advertized, hired additional employees to perform the audits, complete the involved paperwork and perform the energy improvements only to find out the BPU was not committed to the program it created. My personal \$50,000+ investment has evaporated and I'm now faced with the decision of whether I continue to carry the added costs required for this program (Home Performance employees, Accreditation fees, etc) or should I get out before I blink and I'm into this program for tens of thousands more.

If the 2011 Home Performance with Energy Star Program is going to be successful (for all involved BPU, Customers/Rate payers, Contractors) the program must be changed. I agree with some of the proposed changes in the 2011 Home Performance Program with the following exceptions;

- Implement the 2011 Home Performance with Energy Star program ASAP (January 1, 2011 would be a great target date). The current program incentives & requirements are developing little to no interest from the consumer and are seriously impacting the Home Performance Contractor who invested in this program.
- **"Real Home Analyzer" computer software must be replaced** with an accurate, complete, uncomplicated software that is true to the data being entered and flexible enough for the variety of home conditions found in the field. If one does not exist (or cannot be developed in time) a point based system should be used instead (i.e. a % of improvement for each energy upgrading made - example - heater replaced with better efficiency could be worth up to 15%, AC with higher seer could be worth up to 4%, hot water heater..., air sealing..., insulation..., etc.). In this way everything could be calculated easily avoiding much of the current confusion with Real Home Analyzer. The current program (Real Home Analyzer) is horrible, and almost impossible to get to 25% energy savings. The software has been continuously modified since its introduction to the program with little to no improvement in its reliability or ease of use. I would highly recommend the BPU commissioners try this program themselves (or come to my office and we'll demonstrate) to experience the true frustration with this temperamental & unreliable software.
- Tier 3 incentives should be raised to \$4,000 for 20% + savings and \$5,000 for over 25% savings to really encourage the customer to utilize the program & truly offset the added costs to the Home Performance Contractors.
- A provision should be developed now and included in the program to compliment the Home Star legislation currently in congress. In this way, should the legislation pass our NJ's program would simply transition to a complimentary program (for you to determine) providing dual incentive to NJ rate payers rather that a choice of one program or the other. Further by doing this now rather

than later our program will have a clear plan for 2011 no matter what happens. If you don't act, it will certainly end up being a disservice to the citizens of NJ and will surely cause confusion and disappointment within this program once again.

- A simplified, paperless application through completion process is a must. Too many papers currently are going to too many different places. I can't tell you how many times departments from CSG have call requesting papers/information we had already sent them or times when emails/paperwork was sent to us for clients submitted by other contractors.
- Inspection of 10 completed jobs per contractor is unreasonable and should be lowered to 3. No other energy program has such a high number of required inspections. This ties up CSG field staff from conducting the 10% random checks and delays homeowners & contractors (currently it takes a month to get an inspection after work has been complete). I'm all for ensuring quality of work. Instituting a requirement that town permits are issued and final inspection are passed, complete and confirmed seems to me a better solution. The current system only appears to benefits the larger companies who have been in the program for some time.
- Penalizing contractors for poor performance is fair, but it wouldn't be the first place I'd go looking to hold individuals accountable. I'd start with the continuous program changes or no true point of contact at CSG, (question & concerns from contractors could only be emailed to departments not to dedicated representatives and many times weeks would go by with no response) or maybe the fact that a mentoring program was never established due to inspection demands on CSG field members.
- Home Performance Contractors burden of payment float on projects must be reduced. Carrying an average of a \$20,000 burden on every Tier 3 project completed is an unfair load to place on the contractor. Currently payments to contractors are lagging many months after work is completed. This time frame needs to be shortened to be fair to the contractor who performed the work.
- Removing lighting, appliances, windows & doors from the program does not service the program's real purpose. It sound more like individuals who only want to replace heating & cooling equipment, not really improve energy efficiency in residential homes. What's the harm in keeping them under the current program as possible way to save energy and/or improve your homes efficiency? Without these added, important measures most home improvements could never achieve a 25% energy savings based on the current program requirements.

Lastly,

I would like to see the accounting of the actual number of enrollments after the incentive change to \$3,000 @ 25% in April. The

"Home Performance w/ Energy Star Statewide Results - Enrollments YTD" chart is misleading as the program was closed from May-August but still shows enrollment. I can only assume this is carryover from the \$10,000@25% program enrollments submitted prior to April. A true indication of the success for 2011 program should be gauged from the results after the April program change and should not include enrollment & completion of projects measured by the earlier guide lines/incentives.

Sincerely,



*Greg Fontaine*

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**From:** Mitchell, Allison [Allison.Mitchell@bpu.state.nj.us]  
**Sent:** Wednesday, November 17, 2010 12:51 PM  
**To:** Cynthia Holland  
**Cc:** Mike Ambrosio; Boylan, Rachel  
**Subject:** FW: Pay for Performance Funding Memo Comments

-----Original Message-----

**From:** Mike Ambrosio [mailto:mambrosio@appliedenergygroup.com]  
**Sent:** Wednesday, September 15, 2010 10:05 AM  
**To:** Wade Smith; OCE  
**Cc:** Brian Whitmer  
**Subject:** RE: Pay for Performance Funding Memo Comments

Thank you for your comments. Two points in response to your concern. First, once a project is approved a rebate commitment letter is issued. The funds related to any rebate commitment would be reserved out of the current budget so that the funds for a project approved in 2010 and completed in 2011 are reserved out of the 2010 budget. Second, the OCE is in the process of developing proposed 2011 programs and budgets for consideration by the Board. This will be an open public process. Please visit the NJCEP web site at: njcleanenergy.com, for notices regarding meetings and solicitations for comments on proposed programs and budget. Thank you again for your comments.

Mike Ambrosio  
*Vice President*  
**Applied Energy Group, Inc.**  
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**From:** Wade Smith [mailto:wsmith@wellspringwireless.com]  
**Sent:** Wednesday, September 15, 2010 9:17 AM  
**To:** oce@bpu.state.nj.us  
**Cc:** Mike Ambrosio; 'Brian Whitmer'  
**Subject:** Pay for Performance Funding Memo Comments

We have clients with projects pending other financing and closing events which prevent them from submitting for approval under the "Pay for Performance" until early 2011. In one case, a high rise is being sold, and the prospective buyer intends to submit an application, but closing will happen in 2011.

This buyer has asked if the program will have funding in 2011.

Whatever you do with funding, please engage in and publish your budget commitments over an extended period of time, since the pace of project development is far slower than the pace of budgetary adjustments. As a practical matter, projects can take more than a year to develop, while funding commitments are annual and (in this case) subject to adjustment.

The adjustments proposed seem appropriate and well reasoned. At the same time, when your decision is documented, please express your commitment to future funding over at least 12 months into the future. Without this, projects will not be planned for 2011.

**Wade W. Smith, P.E.**  
**Partner, Wellspring Wireless**  
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**Learn everything you need to know about Wellspring in 3 minutes at:**  
**[www.impactmovie.com/wellspring/](http://www.impactmovie.com/wellspring/)**

## **Kate Morecraft**

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**From:** Rosemarie Bond [rmbond@laceyschools.org]  
**Sent:** Thursday, September 16, 2010 3:18 PM  
**To:** Deluca, Brian (Woodbridge,NJ-US)  
**Subject:** FW: to fund or not to fund Green Schools Program

By all means, please continue to get the word out to other schools. This is a very worthwhile program that every school would find valuable. Hopefully, funding will continue.

**Rosemarie Bond**  
**Principal**  
**Lanoka Harbor School**  
**609-971-2091**  
**[rmbond@laceyschools.org](mailto:rmbond@laceyschools.org)**



--- Original Message ---

**From:** globallearningnj@comcast.net  
**To:** Undisclosed-Recipient:,  
**Subject:** to fund or not to fund Green Schools Program  
**Sent:** Thursday, September 16, 2010 2:19:20 PM EDT

Having experience with the Green Schools Program that's been funded by the BPU's T.E.A.C.H. Program, do you think it should receive a third year's funding to reach another 100 or so schools in NJ?

The Energy Efficiency Committee of the BPU will be deciding whether or not to recommend continued funding at its meeting this Tues. Some on the committee want to end the funding.

If you have any comments to make on this question, would you please send them to Brian DeLuca ([Bdeluca@trcsolutions.com](mailto:Bdeluca@trcsolutions.com)) who oversees the TEACH Program? His fuller contact information is below.

Thank you very much,  
Jeff

PS Our second year's funding is in hand and thus far we have recruited the following new districts: Cape May Special School Services, Lower Cape May Regional, Woodbine, Hopewell Valley, Jackson Twp., Newark, Nutley, Chester, Washington Twp., West Morris Regional HSS, Chatham, Berkeley Heights, New Providence, Winfield and Hillsborough.

**Brian DeLuca**

**Energy Engineer**

TRC Energy Services

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----- 2010, Our 36th Year -----

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Libraries Build Sustainable Communities: [www.ala.org/ala/mgrps/rts/srri/tfoe/lbsc/librariesbuild.cfm](http://www.ala.org/ala/mgrps/rts/srri/tfoe/lbsc/librariesbuild.cfm)

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Education is the ability to listen to almost anything without losing your temper or your self-confidence. --  
Robert Frost

To be removed from my Address Book, please Reply with "remove" in subject heading. Thank you.

Isles E4, Inc.  
10 Wood St.  
Trenton, NJ 08618  
NJ HIC 13VH05251900

November 17, 2010

Kristi Izzo  
Secretary of the Board  
New Jersey Board of Public Utilities  
Two Gateway Center, Suite 801  
Newark, NJ 07102

Re Request for Comments  
NJCEP 2011 Programs and Budgets  
Docket No. EO07030203

Dear Ms. Izzo:

I testified before the New Jersey Board of Public Utilities at the Public Hearing on November 10. Set forth below is a response to a question raised during my testimony and a written submission of my testimony, including extensions and amendments thereto.

Response to Question

At the conclusion of my testimony, in response to a question from Commissioner Fox, I undertook to provide an estimate of the number of low income homes in New Jersey that would not be weatherized through the Comfort Partners Program as a result of a proposed \$8 million reduction in its 2011 budget.

Approximately 1,700 households will not be served by Comfort Partners as a result of the loss of \$8 million in funding in 2011. This estimate is derived using the "Utility Residential Low Income Comfort Partners Program" Program Description & Budget dated October 22, 2010 and assuming some reasonable economies of scale.

Written Submission of Oral Testimony

I am submitting this testimony on behalf of Isles E4, Inc. (E4). We are a small Trenton-based non-profit corporation that weatherizes low income housing, including as a subcontractor under the Comfort Partners Program.

We are an affiliate of Isles, Inc. Isles' Center for Energy and Environmental Training (CEET) provides training to the unemployed and underemployed who are seeking new careers and/or skills in the 'green' economy, including as weatherization technicians.

E4's weatherization technicians are recruited from low-income communities. Together with CEET, we find them, hire them and train them, thereby creating

stable good-paying jobs in the very communities that our weatherization work is being done.

The Comfort Partners Program has been highly successful over many years, in part because Program stability has permitted Program efficiency and capacity to be fine-tuned. Energy efficiency measures provided with Program funds are selected based on measures of cost effectiveness, i.e., return on investment, to the ratepayers. In spite of this record of success, the 2011 Comfort Partners budget is being cut from \$32 million to \$24 million—twenty-five percent.

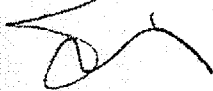
As previously stated, this equates to approximately 1,700 homes being weatherized. It also equates to a loss of approximately 50 good-paying jobs that support New Jersey's residential weatherization workforce.

At the same time that this budget is being cut, the State is appropriating \$25 million of NJCEP funding for programs that assist disadvantaged residents in paying their gas and electric bills. In its starkest terms, funds that were previously targeted at reducing energy consumption in low-income households are instead being used to subsidize energy consumption, at a loss of 50 moderate-income jobs.

It is also noted that there are \$52 million of new programs proposed for 2011 (Grant-Loan Programs of \$30 million and \$22 million of new EDA programs). Is the certainty of payback on these new programs sufficiently certain to justify cutting a program (Comfort Partners) that has consistently produced energy savings, jobs and support for New Jersey's less advantaged citizens?

I urge that Commission and Staff restore Comfort Partners Program to its 2010 level of \$32 million.

Sincerely,



Scott Sillars  
President  
Isles E4, Inc.

My Name is Jim Price The founder of Comfortable Energy Efficient Homes by Freedom Solar Energy, LLC

For the record our phone number is 908-642-8394 my personal cell number is 908-566-7494  
Our Mailing Address is P.O. Box 211, Martinsville, NJ 08836  
Our physical Address is 789 US Highway 202, Bridgewater, NJ 08807  
Our only email to ever send any and all correspondence is freedomsolarenergy@yahoo.com

I would like it on the public record so, no one can say they don't have it or they sent me something but, it must have gone someplace else.

I have been part of this program since the inception in October 2006. We have done work in this program since June of 2007. I fully embrace the ideals and principals of quality work, and the comprehensive approach adhering to the BPI standards prescribed by this program. Every home we improve is done to achieve the maximum return on investment with the maximum cost effective installations. When you use the best products, use the best practices, and produce results higher than the industry standards it cost a lot more. We offer a full service under one roof, we have an insulation and air sealing team, a heating and air conditioning team, a plumbing and heating team all under one roof. We don't believe in swapping boxes or blowing an going. We want to do the job right for maximum effective results for every job we produce. To do that we need to charge enough to cover our costs and keep the company running. Part of keeping the company running is CASH FLOW.

I believe it is WONDERFUL the gift we have all been fortunate to receive by being part of this program. But I want to make one message loud and clear, "Thank you for starting the ball rolling now GET OUT OF OUR WAY, we have work to do." Let us do what we do better than anyone else.

You cannot micro manage my company for me with rules and administrative checks and oversight. From what I can estimate \$1 is spent on oversight of every \$5 given out as incentives. Cheaters are always going to cheat; more rules for everyone else doesn't stop cheaters it just increases the burden and cost for honest people to do business. As I testified in April 2008 if you attempt to implement 0% financing through EFS with the rules in place to release the money you are going to put contractors out of business. I think we are seeing that now. I have been on the verge of bankruptcy since May of 2010 when the loan money stopped flowing and the program stopped approving jobs. Considering I had signed contracts totaling more than \$525,000 by March 25, 2010, I should not be on the verge of bankruptcy. I should be hiring more employees and growing our company.

There are too many Office of Clean Energy administrative road blocks in this program to be an effective continuous growth industry, the redundancy amounts to wasted spending. Even the Federal Government was smart enough to offer the stimulus and get out of the way. The federal stimulus program currently requires an invoice from the contractor, a federal tax form and about 10 minutes of administrative time to fill in the form for \$1,500. We estimate it takes no less than 96 administrative man hours for each job we complete through this program for the New rebate of either \$1,300 or \$3,000. There is a current inequity for the amount of contractor effort and the reward received for doing a comprehensive work scope.



Currently the system in place for reviewing completed work may amount to an inspection by Conservation Services Group (CSG) followed by the same house inspected by TRC potentially followed by BPI Quality Control team. I have witnessed a TRC employee following around a CSG inspector watching the inspector inspect. Home owners laugh and see this as wasteful government spending. Every customer who reports this situation of multiple or duplicate inspections sees this as wasteful spending. My proposal is simple eliminate the budget for and the inspections by CSG and TRC and let BPI do all the inspections. BPI is not charging the program for the inspections beyond a \$1,500 annual QC fee. BPI has the most vested interest in making sure there quality standards are met for the success of the program.

PROPOSAL: By eliminating the CSG and TRC inspectors the program will save hundreds of thousands of dollars and the burden of inspection will be on the organization who has the most to gain by overseeing the quality standards of the work is being met.

Receiving deposits for Zero % financing work:

Currently the program does not allow us to take a deposit for work that is less than the full amount of the eligible loan amount. This gives the customer an unfair advantage of holding us to a contract of which they have no vested interest. We can potentially do all the necessary requirements to get the business only to get bogged down in the cumbersome process which cost our company money to perform with no financial commitment of the customer to complete the transaction. Additionally this causes our company greater financial strain on our working capital making it more difficult to stay in business.

PROPOSAL: Allow contractors to take deposits on all jobs not just those in excess of the maximum loan amount.

Currently in place on a Certificate of completion the opening statement highlighted in RED states: "NOTE TO CUSTOMER: By signing this document you are attesting that all work has been completed pursuant to your contract. If any part of the work has not been completed a Field Change Order (FCO) application that indicates the changes must be signed by you and your contractor and then faxed to the program for approval. **If you have any questions or concerns about any aspect of the work performed, you should resolve them with you contractor BEFORE signing this form.**"

This leads customers to not sign this form until 100% of the work or their perception of the work is completed. In one instance when removing asbestos siding to blow in wall insulation we cracked some of the old siding being removed. The customer would not sign the document until the cracked siding was replaced. It took 6 weeks for the special order siding replacement to come in. This \$100 worth of material delayed our submission of completion paperwork on a \$20,000 loan by 6 weeks. An unnecessary and unwarranted burden on our companies cash flow. In addition to that the job mentioned is a PSEG project and as of this writing we have not yet received loan payment for this job. We started the job in July 2010. The job was completed and tested out August 5, 2010. We paid employees, material suppliers, permits and other expenses. The siding was installed and signed off on September 16, 2010 and submitted for payment on October 4, 2010. To date we have not received \$20,000 or OCE incentives for this work.

Because this is in PSEG territory we do not expect to be paid completely for this job any time soon. The approval process for the release of this money is inexcusable. Customers refuse to sign off on \$20,000 loan documentation for minor amounts of work. In another instance a customer refused to sign the completion paperwork for a \$14,000 loan because of a cracked \$5 bathroom fan cover; until we received a new cover from Panasonic resulting in a 3 week delay of our submittal of completion paperwork we could not get paid. These are only 2 examples of the many things that delay the processing of our loan money.

PROPOSAL: I propose this loan money be released upon a phone confirmation with the customer verifying the work has been SUBSTANTIALLY Completed.

This leads me to my next point of the PSEG Territory 0% loans. Below is the current procedure as advised by EFS to handle PSEG Territory Loans. This process can cause a contractor or not be completely paid for 90 to 180 days after completing the work. These projects have been verified, and verified, and verified and verified and yet must endure greater scrutiny by the OCE before money is released. During that time period the contractor is at risk of having circumstances change, the loan being denied and losing \$20,000 in payments because of a credit or loan policy procedure being violated while we are waiting for this cumbersome process being completed. The OCE already approved the monies will be handled from the general fund.

PROPOSAL: These monies need to be released to the contractor within 48 hours of submitting completion paperwork.

Here is the timeline of how PSE&G files should be processed:

1. Customer gets their initial energy audit and signs a proposal with their contractor
  2. Customer applies for Loan with EFS. If pre-approved, EFS sends pre-approval letter to customer and contractor (if noted on app)
  3. Contractor sends contract and pre-approval letter to CSG for Workslope approval (generally takes 2-6 weeks depending on volume)
  4. Once Workslope Approval (WSA) is sent to EFS, loan docs are prepared and sent to customer or Contractor.
  5. When EFS received signed loan docs and all conditions have been met, then EFS contacts Contractor to begin the work.
  6. Contractor has 60 days to complete the work. Once complete, the Contractor submits completion paperwork to CSG.
  7. CSG submits Workslope Completion Approval (WC) to EFS (generally takes 2-6 weeks depending on volume)
  8. When WC is received, EFS splits file into a loan file and a rebate file a) If file is over 100 days, EFS pays Contractor for the loan portion within 48 hours so that the loan does not expire. Rebate gets invoiced to the program within 5 business days. b) If file is less than 100 days, loan payment is held and the rebate is invoiced to the program within 5 business days. c) if rebate funds are received prior to file reaching 100 days, then EFS will pay the loan AND rebate portions upon receipt of rebate money.
- ~NJCEP covers the Loan Buydown cost and the Rebate for PSE&G territory in which payments have been delayed. EFS has covered well beyond the agreed upon amount for the NJCEP responsible files. Until additional payments from NJCEP are made to EFS, loan and rebate payments to Contractors will be delayed as well. EFS is a Non-profit entity (not a bank or lender) that administers the financing for the NJCEP program, therefore until the program sends their funds, money for payment to Contractors is not available. EFS will not cover both the Buydown cost AND the rebate incentive for PSE&G customers.
9. Upon loan payment to Contractor, the file is then also sold to Fannie Mae. The customer should receive a welcome letter from FM/Viewtech within 3 weeks to coordinate the customer's monthly loan payment.
  10. If rebate payments are held, the Contractor will be paid upon EFS receipt of rebate funds from the NJCEP.

**Comprehensive Project Incentives:**

PROPOSAL: Zero % financing should only be offered to Comprehensive Home Improvements. I propose the REQUIREMENT that a customer MUST bring the ATTIC insulation to R-38 or Greater in addition to installing heating and cooling equipment in order to qualify for the Zero% financing. Zero % financing should be an added incentive for doing more work which will raise the average cost and effectiveness of a job and should only be reserved as a reward for doing more work in a home. Customers who are going to replace heating systems anyway are already getting rebates to incentivize the higher efficiency equipment. Why are we funding with Zero % financing for a heating system that will be installed regardless of the incentive. We are wasting the effectiveness of the Zero% financing unless we get a complete energy improvement. The OCE needs to maximize the effectiveness of this valuable incentive. Anything less is Wasteful spending.

Home Performance with Energy Star is a Higher standard of doing work.

Because many utility companies are now offering equipment replacement incentives and seal up requirements without regard for health and safety. In most instances having an audit done after the equipment is installed. I have personally witnessed high efficiency equipment installed without fresh air intakes putting the homeowner at risk of combustion appliance zone safety violations.

PROPOSAL: I propose all installers be BPI certified and an energy audit be completed prior to any installation of heating equipment to make certain the standards are considered and followed prior to installation to prevent liability issues for health and safety to the homeowners.

VERIFICATION of Document Receipt:

PROPOSAL: On a consistent regular basis we send in submission documentation and we receive no verification or spreadsheet verification. I propose CSG implement a web based pipeline verification report system similar to the one EFS is using. This will give us instant verification and updates as to the progress of all our submissions without the use of a cumbersome milestones tab that is frequently not correct or updated and requires extensive time and resources to analyze the status of our accounts. This is a burden to our limited company resources and time, this desperately needs to be improved.

Customer Rebates for non-financing customers:

It is appalling the time it takes to get a customer a rebate from the time it is submitted with completion paperwork and the customer receiving his rebate. The OCE should not be involved with rebates on any level once the job is approved and the work is completed. We have customers waiting over a year from time of submission for \$10,000 rebates and this poisons the well. By the time a customer goes through this extensive approval and payout process they are thoroughly distraught by the process. The process itself poisons the well for referral business. Customers who love our results and the quality of our work refuse to recommend the process to their friends and family. When we first started this program customer rebates were slow but, within tolerable limits to gain referrals. Currently we are despised after a customer has waited

3, 6, 9, or 12 plus months for a rebate check to arrive. We become the enemy and no referrals are given.

PROPOSAL: The work scope and work completion has been so scrutinized by everyone in this program. The work completion should be verified via phone and in writing with completion paperwork then handed over to a rebate processing center the same way corporate rebates are processed and a check should be issued within 30 days or less. It is impossible to grow the business through this program when customers are hostile to the process.

My Name is Jim Price The founder of Comfortable Energy Efficient Homes by Freedom Solar Energy, LLC  
November 17, 2010 final revised Version.

For the record our phone number is 908-642-8394 my personal cell number is 908-566-7494  
Our Mailing Address is P.O. Box 211, Martinsville, NJ 08836  
Our physical Address is 789 US Highway 202, Bridgewater, NJ 08807  
Our only email to ever send any and all correspondence is [freedomsolarenergy@yahoo.com](mailto:freedomsolarenergy@yahoo.com)

I would like it on the public record so, no one can say they don't have it or they sent me something but, it must have gone someplace else.

I chose to become part of this program at its inception in October 2006 and Freedom Solar Energy, LLC has been an active program contractor since June of 2007. I fully believe in the ideals and principals of doing quality work, and I embrace the comprehensive approach of adhering to BPI standards as prescribed by this program. Since 2007, on every home we improve, our goal is to achieve the maximum return on investment with the maximum cost effective installations. We believed when you use the best products, the best practices, and produce results higher than the industry standards it cost a lot more. We offer a full service under one roof, we have an insulation and air sealing team, a heating and air conditioning team, a plumbing and heating team all under one roof. We don't believe in swapping boxes or blowing an going. We want to do the job right for maximum effective results for every job we produce. To do that we need to charge enough to cover our costs and keep the company running. Part of keeping the company running is CASH FLOW.

I believe it is a WONDERFUL gift to be part of this program. We have all been fortunate to be involved with it. I thank you for creating this program and getting the ball rolling. But I send one message loud and clear, "GET OUT OF OUR WAY, and let us do the work we do better than anyone else."

In my opinion the managers of this program cannot micro manage my company with your rules, administrative checks and so-called oversight. They are burdensome, costly, exasperating, and counterproductive. I estimate that \$1 is spent on oversight for every \$5 of incentives paid out. I believe that with the proper organization and structure, that the overhead can be reduced and the quality of the program can be INCREASED.

Let's face it, cheaters are always going to cheat; more rules for everyone else doesn't stop cheaters it simply increases the burden and cost for honest people to do business. I predicted when I testified in April 2008 that if you implement 0% financing through EFS with the rules as currently in place to release the money you would put contractors out of business. Every day, we see my prediction borne out. I have been on the verge of bankruptcy since May of 2010 when the loan money stopped flowing and the program stopped approving jobs even though I had signed contracts totaling more than \$525,000 by March 25, 2010. This should not be! On the contrary, I should be hiring more employees and growing our company.

There are too many Office of Clean Energy administrative road blocks in this program to be an effective continuous growth industry. The redundancy amounts to wasted spending. Even the Federal Government was smart enough to offer the stimulus and get out of the way. The federal stimulus tax incentive program currently requires an invoice from the contractor, a federal tax

form and about 10 minutes of administrative time to fill in the form and the return is \$1,500. By contrast we estimate it takes no less than 96 administrative man hours for each job we complete through this program and that is weather the rebate is \$1,300 or \$3,000. There is a current inequity for the amount of contractor effort and the reward received for doing a comprehensive work scope.

Currently the system for reviewing completed work in many cases is an inspection by Conservation Services Group (CSG) which is followed by an inspection by TRC and then at times and inspection by the BPI Quality Control team. I have witnessed a TRC employee following around a CSG inspector watching the inspector inspect. Home owners laugh and see this as wasteful government spending. Every customer who reports this situation of multiple or duplicate inspections sees this as an illustration of wasteful government spending.

PROPOSAL: My proposal is simple eliminate the budget for and the inspections by CSG and TRC and let BPI do all the inspections. BPI is not charging the program for the inspections beyond a \$1,500 annual QC fee. BPI has a vested interest in making sure its quality standards are met. By eliminating the CSG and TRC inspections the program will save hundreds of thousands of dollars and the burden of inspection will be on an organization that has the most to gain by doing them.

Receiving deposits for Zero % financing work:

Currently the program does not allow contractors to take a deposit for work that is less than the full amount of the eligible Zero % loan amount. This gives the customer an unfair advantage of holding us to a contract of which they have no vested interest. We can potentially expend our resources to meet all the necessary program requirements to process the business through the program only to have the customer drop out because of the cumbersome process. This will cost our company money to service a customer with no financial commitment to the process or incentive to complete the transaction. Additionally by not have deposit money up front, this causes our company greater financial strain due to a lack of working capital making it more difficult to stay in business.

PROPOSAL: Allow contractors to take deposits on all jobs not just those in excess of the maximum loan amount.

Currently on a Certificate of completion an opening statement highlighted in RED states: "NOTE TO CUSTOMER: By signing this document you are attesting that all work has been completed pursuant to your contract. If any part of the work has not been completed a Field Change Order (FCO) application that indicates the changes must be signed by you and your contractor and then faxed to the program for approval. **If you have any questions or concerns about any aspect of the work performed, you should resolve them with you contractor BEFORE signing this form.**"

This wording prompts customers to refuse to sign this form until 100% of the work or their perception of that work is completed. Once when removing asbestos siding to blow in wall insulation we cracked some of the old siding. The customer would not sign the document until the cracked siding was replaced and it took six weeks for the special order siding replacement to

come in. The need to wait for \$100 worth of material delayed our submission of the completion paperwork on a \$20,000 loan by six weeks. This is an unnecessary and unwarranted burden on our companies who rely on cash flow to survive and feed our families. In addition to that the job mentioned is a PSEG project and as of this writing we have not yet received loan payment for this job. We started the job in July 2010. The job was completed and tested out August 5, 2010. We paid employees, material suppliers, permits and other expenses. The siding was installed and signed off on September 16, 2010 and submitted for payment on October 4, 2010. To date we have not received \$20,000 or OCE incentives for this work. Because this is in PSEG territory we do not expect to be paid completely for this job any time soon. The length of approval process for the release of this money is inexcusable. In another instance a customer refused to sign the completion paperwork for a \$14,000 loan because of a cracked \$5 bathroom fan cover. We could not submit our completion documents until we received a new cover from Panasonic resulting in a three week delay. These are only 2 examples of the many things that delay the processing of our loan money.

PROPOSAL: I propose this loan money be released following a phone confirmation with the customer verifying the work has been SUBSTANTIALLY Completed.

My next concern is the PSEG Territory 0% loans. The current procedure as advised by EFS for PSEG Territory Loans means that a contractor not be completely paid for 90 to 180 days after completing work. These projects have been verified, and verified, and verified and verified and yet must endure greater scrutiny by OCE before money is released. During that time period the contractor is at risk of having circumstances change, the loan being denied and losing \$20,000 in payments because of a credit or loan policy procedure being violated while we are waiting for this cumbersome process being completed. The OCE already approved the monies will be handled from the general fund.

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Here is the timeline of how PSE&G files should be processed as Advised by EFS under the current program:

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PROPOSAL: I propose all installers be BPI certified and an energy audit be completed prior to any installation of heating equipment to make certain the standards are considered and followed prior to installation to prevent liability issues for health and safety to the homeowners.

### VERIFICATION of Document Receipt:

PROPOSAL: On a consistent regular basis we send in submission documentation and we receive no verification or spreadsheet notification. I propose CSG implement a web based pipeline verification report system similar to the one EFS is using. This will give us instant verification and updates as to the progress of all our submissions without the use of a cumbersome milestones tab that is frequently not correct or updated and requires extensive time and is burdensome to our budgets to analyze the status of our accounts. This is a burden to our limited company resources and time, this desperately needs to be improved.

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customers waiting over a year from time of submission for \$10,000 rebates and this poisons the customers attitude toward this program. By the time a customer goes through this extensive approval and payout process they are thoroughly distraught by the process. The process itself poisons the well for referral business. Customers who love our results and the quality of our work refuse to recommend the process to their friends and family. When we first started this program customer rebates were slow but, within tolerable limits to gain referrals. Currently we are despised after a customer has waited 3, 6, 9, or 12 plus months for a rebate check to arrive. We become the enemy and no referrals are given.

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