



## Renewable Energy Committee Meeting

August 13, 2013

BPU 1<sup>st</sup> Floor Meeting Room - Trenton, NJ

1:00 pm to 3:30 pm

- I. OCE Updates (B. Ackerman, S. Hunter, M. Ambrosio)
- a. Fiscal Year 2014 Budgets
    - i. **Scott Hunter:** The Board approved the Fiscal Year 2014 Budgets at the June Agenda meeting. Immediately after the approval of the Comprehensive Resource Analysis (CRA) which addressed funding levels for Fiscal Year 2014. We're in the process of implementing those programs. You'll hear more about that later today. Fiscal Year 2014 started July 1<sup>st</sup> and we're working to implement the biopower and energy storage programs.
  - b. Regulatory/ Legislation Update
    - i. **Scott Hunter:** Staff expects to present to the Board at the August 21<sup>st</sup> Agenda meeting the final two rebate approvals from biopower projects that submitted applications prior to July 1<sup>st</sup> and are treated under the 2012/2013 program guidelines.
    - ii. **Scott Hunter:** There are also some subsection q. application materials on the agenda for August 21<sup>st</sup>, as well as anticipating to address the requests from the EDCs on behalf of the BGS (Basic Generation Service) providers, as well as on behalf of RESA (retail electric supply assoc.) to extend the compliance deadline for solar within the RPS, due to the difficulty of allocating the gWh market share obligation among all the Third Party suppliers and BGS auction winners because of the lag in reporting reconciled retail sales data from PJM. This is the 3<sup>rd</sup> year in the row that we will make this recommendation to the Board.
  - c. Board Orders and Proceedings
    - i. **Scott Hunter** noted that the e-mail system at the BPU is having severe difficulties. It is encouraged at this time that if you need to reach a Board employee to reach out via phone. This is being mentioned because Scott sent out the Board Orders from the July agenda meeting and he is not sure if everyone received them.
    - ii. The subsection s. deferral went out in the beginning of August to the RE Listserv. There are also some proceedings that will be discussing later in agenda item 5 regarding subsection r. and the remainder of the Solar Act.
  - d. Other items
    - i. **Lyle Rawlings, Advanced Solar Products:** What are the two items that were approved for subsection q. will be about?
      - 1. **Scott Hunter:** Yes, we hope to address the subsection q. applications that we received. One agenda item will be for approvals and the other will be for denials.

- ii. **Mike Ambrosio:** Subsequent to the approval of the Fiscal Year 2014 budget, the state legislature appropriated \$193 million, of which approximately \$32 million of it will come from the SACP fund; the rest (\$161 million) will have to come from budget reductions. The Fiscal Year 2014 budget of approximately \$560 million will have to be reduced by approximately \$160 million. There will be a true up at the same time that budgets are set on estimated expenses, so as we're going through implementing the Fiscal Year programs that were approved by the Board, we'll have to keep in mind that there will have to be a \$160 million reduction. Staff intends to put out a proposal in the next few weeks to begin the conversation and will go through the normal procedures so that we can have the Board act on it sometime in the October/November timeframe.
- iii. **Mike Ambrosio:** Related to the CRA proceedings, the Board only set the funding levels for Fiscal Year 2014 to kick start the process to set it for the next three years.
- iv. **Betsy Ackerman:** As part of the CRA Order we established two working groups, utilities working group and an evaluation plan working group. I have solicited interested people in serving on these working groups and have established the goals for each of the working groups that I will be sending it out to them. We will be holding meetings every six weeks over the next few months. The goal is to produce a recommendation document that will be forwarded to our new program administrator whose work and deliverable will be to have a strategic plan.
- v. **Betsy Ackerman:** The evaluations workgroup created an evaluation plan in 2010 with CEEEP, and we will be discussing that plan and again the intent of that is to form a strategic plan for the new Program Administrator. Within the evaluation group, one thing we will be addressing is the issue which we have heard repeatedly, which is that the data being collected is not consistent and it makes it very difficult for private entities to assess risk with loan programs. As part of our transition to the new program administrator we will look closely at the data that we are collecting from the program, we will look for what Federal collects minimally, what industry looks for minimally and to that we will layer it with our own state and what the Clean Energy Program needs. Within the next week or so I will be issuing the goals, members and agendas for each working group.

## II. Update on the Solar Act (S. Hunter)

- a. There were some motions for reconsideration of different Board actions from April 29<sup>th</sup>, particularly subsection s. where the board denied or deferred applications. The Morris County and the Somerset County improvement authorities filed motions of reconsideration that the Board deferred applications and they felt the Board should have denied applications. The Board did not find that there were merit in the claims that there were any facts that were left out which must be identified to file a motion of reconsideration. Additionally, there were two motions of consideration in subsection s. that were denials that felt they should have been considered for deferral. One project said they did check off the box that they did not have all of their final local, federal and state approvals, but all they were missing were building permits and construction permits, and the Board considered those as local approvals. They said that they found others that were deferred, so in a late starter on that agenda meeting we got the approval of the Board to investigate those projects they identified to see if they had all of their final approvals. Those applicants have two weeks to prove that they had those local approvals by the December 17<sup>th</sup>, 2012 date to file their applications.

- i. **Question from Audience:** Can you address the question in the back of the subsection s. application and how it was analyzed over the 5 month period, and how the definition seemed to change over that period?
    1. **Scott Hunter:** We took a look at the application, and people that said “yes” we would look at the materials they supplied, but largely we accepted “yes’s” as meaning yes, they had all of their final, un-appealable federal, state and local approvals for building and construction. We never differentiated between all of the elements that made up a local approval. There were some developers who put an asterisk on their answer so that they could clarify what their approvals meant, which took more time to review, but the Board never wavered that building permits were included in local approvals.
  - ii. **Question from Audience:** We plan to put this in writing, but will staff consider a recommendation to the Board to do something about these projects that had one interpretation of the status changing.
    1. **Scott Hunter:** Staff doesn’t believe the status is changing. Staff is asking for the local building and construction permits that were existing at the time that you claimed they were in there.
  - iii. **Question from Audience:** They answered the question the way they thought it was being asked and they had a specific path they were going down. The path is now changing and based on a different interpretation of the question. We don’t know if Q is an open pathway anymore.
    1. **Scott Hunter:** Hold your characterization of Q being done until August 21<sup>st</sup>.
  - iv. In response to a similar comment from the previous audience comment, Scott Hunter clarified what the secretary’s letter said that went out to the applicants who were deferred and claimed that they had all of their federal, state and local approvals. The letter said that unless they can show that they had the building permits and construction permits by December 17<sup>th</sup>, 2012, the Board is going to reopen the April 29<sup>th</sup> Order and change it from deferred to denied. So you can file a motion for reconsideration at that point.
- b. Subsection q.; Action anticipated at the August Agenda meeting
- i. **Pam Frank:** Question on Subsection q- The Board is going to be issuing approvals and a project has 2 years to complete. Projects that are submitted in energy year 2014, and for projects that are in Energy year 15 and 16, how does that count for the correct Energy Year?
    1. **Scott Hunter:** In the April 29<sup>th</sup> order where we recommend a process for the q applications. We talk about conditional approvals and full approvals. With conditional approvals for energy year 14 project applications and conditional approvals for the 15 and 16 project applications. To enable that full designation to begin on the first day of the energy year of 15 or 16. So the interim period between now and June 1<sup>st</sup>, 2014 for the EY 15 application would be a conditional approval with full approval beginning on the first day of the Energy Year. That is the process the Staff anticipates being addressed on the August 21<sup>st</sup> Agenda meeting.
- c. Subsection r.; Initiation of public rulemaking (see agenda item VI)
- d. Subsection s.; Board Order(s) deferral – Staff Straw Proposal for Public Comment
- i. **Scott Hunter:** The Board directed staff to develop with stakeholders a recommendation for additional application criteria and milestones and reporting requirements for these deferred subsection s. projects, toward assisting the Board

with whether they should approve or deny them. We talked about this at the May 13 RE Committee meeting. We received comments and then we also discussed the directive to Staff with the State Agriculture Development Committee (SADC) and with the NJ League of Municipalities. Each of those organizations provided us with some recommendations for this additional application criterion. You'll see that the straw we distributed included the SADC and the League of Municipalities comments. We invited them both to talk about what they submitted here today.

1. **Question from Audience:** Of the 20 deferred projects, are you aware how many actually had permits issued?
  - a. **Scott Hunter:** No, but it's highly unlikely that no projects fit that category. There are 20 deferred projects, 10 filed appeals. That leads me to believe that some of these applications that these application criteria were met. We haven't found that there are no projects that didn't deserve deferrals yet.
2. **Question from Audience:** If a project is deferred, and the applicant answers the secretaries letter with an escrow that shows they are certain the project is moving forward, would you allow it to be deferred?
  - a. **Scott Hunter:** It's hypothetical at this time until August 21<sup>st</sup>, and we're proceeding as if there are several subsection s deferral projects that are going to need these additional criteria and milestone reporting requirements.
- ii. **Scott Hunter:** The next steps of the process will be to accept written comments to the [publiccomments@njcleanenergy.com](mailto:publiccomments@njcleanenergy.com) email through September 5<sup>th</sup> on staff's straw proposal for Supplementary Application Criteria and Milestone Reporting requirements for deferred Subsection s. applications. Staff will turn those comments into a recommendation for the Board at the October Agenda meeting. Those additional application requirements will be turned into a supplemental application that staff plans to have out by November 1<sup>st</sup>.
  1. **Question from Audience:** How does someone go about getting a contract signed if they don't know if they're going to be connected to the distribution system?
    - a. **Scott Hunter:** Unsure, we assumed that these projects had Engineering Procurement Construction (EPC) contracts, and we were surprised they only provided contracts with their subsidiaries.
  2. **Question from Audience:** But how are people supposed to do that when they don't know if they've been granted a deferred s status?
    - a. **Scott Hunter:** I would have found it difficult once the Energy Master Plan came out and said that we were getting away from putting solar on farmland. It depends on how much risk you can take on.
  3. Comments submitted thus far can be found on the Straw Proposal for Additional Application Criteria and Milestone Reporting Requirements for Solar Act Subsection (s) Deferrals found on the NJCEP website: [HERE](#).
- e. Investigating Approaches to Mitigate Solar Volatility (C. Garrison)
  - i. The installed solar capacity as of 7/31/13 is approximately 1,106 MW.
    1. Approximately 12 MW was installed in the current month.

- ii. The preliminary solar capacity project pipeline as of 7/31/13 is approximately 536.8 MW
  - 1. The project pipeline decreased approximately 45 MW in the current month.
- iii. As of 6/30/13, the total NJ Solar Installations for the year is 138 MW and 3,246 projects.
  - 1. **Question from Audience:** Why have we been carrying the grid supply number? Should there be an asterisk on the total MW as most of the MW is from grid supply projects that are not being built?
    - a. **Scott Hunter:** We have been expiring projects that have not asked for an extension. There is 246 MW from subsection q and some of those are in there, and some will replace what is in there. It has also been going down every month also.
  - 2. **Charlie Garrison:** When we get to my forecast, I have a matrix that shows the upcoming years and you can see I'm using some of the knowledge we have about the q applications to form that. After August 21<sup>st</sup> and we have a finite number that are approved, I would probably put footnotes about the pipeline to note how much is under every subsection. Currently I'm reporting everything that is a valid application but I can't do anything until after that meeting to break the projects down.
- iv. The 1,094.4 MW of solar capacity installed as of 6/30/13 is estimated to be capable of producing approximately 1,112,800 to 1,112,800 SRECs during Energy Year 2013.
- v. The RPS Requirement By Energy Year:

Energy Year	RPS Req	Status
2012	442,000	Actual
2013	596,000	Actual
2014	1,660,500	Estimated
2015	1,984,500	Estimated
2016	2,227,500	Estimated

Energy Year	Retail Sales Est (MWh)	RPS %	Est RPS Req (MWh)
2014	81,000,000	2.05%	1,660,500
2015	81,000,000	2.45%	1,984,500
2016	81,000,000	2.75%	2,227,500

- vi. **Question from Audience:** If we wanted to try and come up with our own estimates on a monthly basis where would we get this information?
  - 1. **Scott Hunter:** It's difficult to true up. PJM GATS lags when they report retail sales, every two months they reconcile the data. That's one of the reasons we have to ask for an extension in the compliance data, because right around now we are getting the data from GATS for the energy year that ended in May.
  - 2. **Charlie Garrison:** Everything here is linear, so if you had information that you thought the Retail Sales estimate was lower than 81 million, you can take that number and divide it by 81 million to get a percentage to apply it to the information that I have listed for the percentage of the RPS Requirement. Since right now all the extended year periods are relatively new, you can almost assume that all of these SRECs are carried forward,

but down the road you will have to start dropping off the ones that are no longer eligible. Right now it does assume that anything that's not retired for compliance for the RPS carries forward.

vii. **Question from Audience:** Do you have any visibility on the contracting form for any of these SRECs? Or to know the real spot market prices vs. the contracted price.

1. **Charlie Garrison:** No, but I do send out the information with the trades. If you graph them, you'll be able to see the specific trades.

viii. **Chris McDermott, Hartz Mountain:** In the discussion about the forecast, Charlie made reference to the PSE&G Solar4All and the EDC financing programs are in the numbers. On the next round, can there be more transparency on what comes from those programs? Also, when we get to the actuals, especially with the new EDC programs, will it be possible to get a sense for every amount of MW that are built in a given month, what share of those came from those particular programs?

1. **Scott Hunter:** We're in the process of negotiating a settlement stipulation on the other EDC systems. I have brought up that the early program design was deficient to the extreme in trying to protect the identity of these projects for a concern about gaming issues. The EDC's don't report the projects that actually get constructed from these programs because we had these confidentiality requirements. With the new program design, we're trying to make sure that the SREC Registration data has some sort of tagging to show the projects intention to participate in the EDC Solar Finance program and report it on the back end. I'm not sure if we did that for the PSE&G loan 3 Program, but we should.

ix. **Comment from Audience:** The PSE&G website does contain information on the Solar4All and the Solar Loan Programs in terms of capacity in aggregate that has been constructed.

1. **Charlie Garrison:** To add to that, out of the 80 MW of Solar4All, about 78 MW are completed.

x. **Question from Audience:** Analysis was done to understand solar volatility, have you started to figure out a methodology to distinguish between volatility and a gross market adjustment?

1. **Charlie Garrison:** The best slide to answer that is in my presentation. (Slide 14). There's not a lot of volatility. Where the volatility comes in is the grid supply, which I have been basing off of the Solar Act proceedings. I think there is consistency in seeing that there is not a lot of volatility in behind the meter projects.

2. **Scott Hunter:** To fulfill the solar act requirements we're required to develop a report to the Legislature in two years from the effective date of the act, so by July 23, 2014. We've developed a record in trying to define solar development volatility and distinguish it from SREC volatility. Then start to array the approaches to solar development volatility which we have taken it to CEEEP to finalize the review. We plan to have a contract out for someone come in and review the record and make a recommendation with a report that we can present to the RE committee then finalize and send to the Board, which we can then send to the Legislature. We have taken it pretty far in laying out the issue for whoever will take it to the next step. There's a difference in opinion

about what volatility should be measured, and that's probably what the report is going to identify.

### III. Program Updates

#### a. Biopower working group update (R. Reisman)

- i. We began this discussion about how we are going to transition the biopower program from the structured rebate in 2012/2013 to a competitive solicitation that Board is looking to implement in 2014. We had a facilitated discussion about eligible technologies, timelines, application process, incentives and we had a very active discussion among all the stakeholders. These ideas were captured in notes that will be posted shortly on the website. We also asked for comments that were due on August 5<sup>th</sup>. We have taken those comments and begun the process of preparing a straw proposal which would lay out a conceptual framework for the solicitation. We hope to have that ready in the next few weeks which will be the subject of comments. At some point in the fall we hope that the Board would then approve the concept and solicitation so we can have the first solicitation before the end of the year.

#### b. Energy Storage working group update (J. Lypse)

- i. Similarly to the Biopower working group, we had a room of about 30 participants. The key components we discussed were criteria on which we would evaluate the projects, funding levels, approaches, timeline, and frequencies of the solicitations. The budget for the Energy Storage program is \$2.5 million, similar to biopower's, which is not a huge budget. What we heard from the participants is to make it very simple. The first solicitation we are aiming for the Energy Storage Program is the first quarter of 2014, but we will need a little more time on that one since we have never had a program on Energy Storage before. We have received some comments and feedback from stakeholders. We are aiming to have the next working group in mid to late September, and information will go out once it has been confirmed. We do plan to propose the solicitation to the Board in November and get it approved.

1. **Question from Audience:** Is there any kind of outline of the general direction of the program design?

- a. **Charlie Garrison:** We have the agenda and the presentations from the meeting. The notes should be up soon, well before the next meeting. Ultimately there will be a straw proposal which people will comment on. There will at least two more energy storage meetings before we get to that point, but biopower will probably be a little sooner.

#### c. Operations Update (T. Gray)

- i. 643 SRP Registration Applications received in July 2013
  1. 795 Registration Acceptance letters issued for 8.8 MW
- ii. 693 Final As-Built Paperwork packages received in July 2013
  1. 534 project Completions for 11 MW.

### IV. Update on Interconnection Issues (J. Teague)

#### a. Announcement of 9/11/13 NM & INX Stakeholders Meeting

- i. We ask that you send in your requests for agenda items to me. We will be holding similar meetings like the ones we had last year. One in the ACE territory and one in the JCP&L territory where existing customers who wish to increase their load capacity. In JCP&L locations, they allow a professional engineer to put together a report to increase the components, whereas with ACE, they require the

customer to install the new equipment and then they will maintain a rolling record of usage for about 5 months of usage, then they will prorate the usage for an annual overall usage. Then they will allow the interconnection. It's different, but it takes a little longer with ACE's process.

V. RPS issues (R. Jackson)

- a. Initiation of public rulemaking to implement various Solar Act amendments including Subsection r.
  - i. Review of all Solar Act changes can be found on NJCEP website [HERE](#).
  - ii. Subsection r amendments:
    1. **Scott Hunter:** These are the changes that are not prescribed. The other changes are prescribed in the Solar Act and will not take a lot of work with stake holders to develop rulemaking amendments. However this subsection r. process will take stakeholder input. We will probably come out with a straw proposal with some concepts similar to the subsection s. deferral process. If there are preliminary comments about these items or the timing for this process please send comments to our [publiccomments@njcleanenergy.com](mailto:publiccomments@njcleanenergy.com) email so we can use them when developing our straw proposal which is slated for the late September time period.
- b. EDC and TPS request to extend the EY13 NJRPS solar compliance and reporting deadline
  - i. The EDC's and Third Party Suppliers have asked for a 60 day extension to file their Energy Year 13 RPS Reports. As in the past they have asked for this extension, and it will be presented at the August 21<sup>st</sup> Agenda Meeting.
- c. Staff investigation into inquiries about SREC creation in PSEG's Pole-attached Solar Program
  - i. Staff has been working with PSE&G and PJM to find out more about how PSE&G's process of how energy sales are entered into PJM and eventually transferred to GATS. We're going to do a more detailed study on this for a report we'll present at the next meeting. However; for them to even carry out this plan, they did go through the PJM Interconnection and Net metering process, which they were approved for.

VI. Other Topics/New Business

- a. The next RE committee meeting will be September 10<sup>th</sup> in Trenton
- b. Reminder: The comments for the Subsection s Straw Proposal are due September 5<sup>th</sup>
- c. The Net Metering and Interconnection meeting will be on September 11<sup>th</sup>, also in Trenton



**Renewable Energy Committee Meeting****Attendees**

Tuesday, August 13, 2013  
Board of Public Utilities

1:00pm - 3:30pm

<b>Initial</b>	<b>Name</b>	<b>Company</b>	<b>Phone</b>	<b>E-mail</b>
x	Ambrosio, Mike	AEG		<a href="mailto:mambrosio@appliedenergygroup.com">mambrosio@appliedenergygroup.com</a>
x	Bellin, Mark	Cooper Levenson	(908) 601-2601	<a href="mailto:mbellin@cooperleveson.com">mbellin@cooperleveson.com</a>
x	Garrison, Charlie	Honeywell	(973) 890-9500	<a href="mailto:charlie.garrison@honeywell.com">charlie.garrison@honeywell.com</a>
x	Gray, Tammy	VEIC	(732) 218-3418	<a href="mailto:tammy.gray@csgrp.com">tammy.gray@csgrp.com</a>
x	Guran, Serpil	The EcoComplex	(609) 499-3600 x4225	<a href="mailto:guran@aesop.rutgers.edu">guran@aesop.rutgers.edu</a>
x	Hansen, Amy	NJ Conservation Foundation	(908) 234-1225 x108	<a href="mailto:amy@njconservation.org">amy@njconservation.org</a>
x	Hill, David	VEIC	(802) 378-3684	<a href="mailto:dhill@veic.org">dhill@veic.org</a>
x	Hunter, Scott	OCE/NJBPU	(609) 777-3300	
x	Jackson, Ronald	OCE/BPU	(609) 777-3199	<a href="mailto:ronald.jackson@bpu.state.nj.us">ronald.jackson@bpu.state.nj.us</a>
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x	Lupse, Janja	CSG		<a href="mailto:janja.lupse@csgrp.com">janja.lupse@csgrp.com</a>
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x	Sparrow-Hood, Walt	PSE&G	(973) 430-5224	<a href="mailto:WALTER.SPARROW-HOOD@PSEG.COM">WALTER.SPARROW-HOOD@PSEG.COM</a>
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x	Templeman, Andre`	Alpha Inception		<a href="mailto:andre@alphainception.com">andre@alphainception.com</a>
x	Warner, Mark	Sustainability Institute	(609) 771-2802	<a href="mailto:warnerm@tcnj.edu">warnerm@tcnj.edu</a>
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