

New Jersey's Clean Energy Council
Tuesday, November 21, 2006, 1:00 pm – 4:05 pm
Office of the NJBPU, Trenton, New Jersey

CEC Members in Attendance:

Joe Carpenter (NJDEP), Deanne Evans (NJIT), Jeanne M. Fox (NJBPU), Rev. Fletcher Harper (Partners for Environmental Equality), Fred Lynk (PSE&G), Cliff Reisser (IBEW, Local 269), Lyle Rawlings (Advanced Solar Products, Inc.), Bob Kudrick (NJNG), Mike Muller (Rutgers University), Sarah Bluhm (NJBIA), Fred Hauber (Eastern Energy Services), Keith Hartman (Public Energy), David Nichols (For the NJ Ratepayer Advocate)

Other Participants:

Michael Winka (NJBPU), Lance Miller (NJBPU), Mona Mosser (NJBPU), Scott Hunter (NJBPU), Ron Jackson (NJBPU), Alma Rivera (NJBPU), Joe Sullivan (NJBPU), John Zarzycki (NJBPU), Sharon Wolfe (NJBPU), Ron Reisman (NJBPU), Mike Ambrosio (M. Ambrosio & Associates), James A. Nappi, Esq. (Law Office of James A. Nappi), Andrew Cottrell (CEEEP), Rick Marx (EAM), Cameron Johnson (NJBPU), Chris Haun (NJBPU), Anne Marie McShea (NJBPU), Jason Bacharach (Grafica), Janeen Lawler (NJBPU), Don Leibowitz (EnergySolve), Sharo Atmeh (NJBIA), Tom McMahon (Honeywell), Vanessa Stewart (Soltage), Jesse Grossman (Soltage), Adam Garber (NJPIRG), Suzanne Letalia (Environment NJ)

1. Opening Remarks (President Fox)

President Fox extended her thanks to the council participants for helping to make New Jersey's Clean Energy Program a nationally recognized program, with minimal promotion and outreach. She noted that the program is now transitioning from the utilities to the selected market managers, a process that will take time and considerable effort on the part of the market managers, the utilities and OCE Staff. In 2007, President Fox is looking to manage that transition and the natural growth the programs are experiencing. Ideas and input from the members of the council are critical.

2. Presentation of Minutes from October 19, 2006 CEC Meeting

There were no comments or questions from the attendees. Comments may be submitted to Mike Winka within one week. When finalized, the notes will be posted to the NJCEP website.

3. 2007 NJCEP Program and Budget

Mike Ambrosio reviewed handout of projected budget estimates and noted that once the budgets are finalized, the program/market managers will be required to submit written plans for operating the programs within those budgets. The utilities will also be involved for the first few months of 2007 during the transition period. Proposed program changes considered in developing the proposed budgets will not be implemented until the market managers are fully operational and have an opportunity to review them and provide input.

a. Energy Efficiency Programs and Budgets – Co-Chair Fred Hauber

Fred Hauber reviewed the Energy Efficiency Committee November 16, 2006 Memorandum to the Clean Energy Council (and its included budget), which is attached hereto as Attachment A.

In response to Keith Hartman's question, it was noted that the Treasury HVAC program is a "done deal". CEC objections to the program have been noted.

- *Motion to accept the Energy Efficiency Committee Memorandum and Proposed Budget*
Motion: Fred Hauber
Second: Keith Hartman
Result: All in favor, except Sarah Bluhm (NJBIA) – Motion Approved

b. Renewable Energy Programs and Budgets - Co-Chair Lyle Rawlings

Lyle Rawlings reviewed the November 17, 2006 Renewable Energy Committee Memorandum to the Clean Energy Council (and its included budget), which is attached hereto as Attachment B.

Lyle noted that the budgets reflect the need to manage the renewable energy programs' transition from a rebate to a market based structure.

With regard to the preliminary 2007 CORE budget recently approved by the BPU, Fred Hauber and Lyle Rawlings expressed concern that within the CORE budget the <10kw category is not receiving any portion of the proposed additional dollars. At present, all of the preliminary 2007 CORE dollars have been allocated to the >10kw category, since there are a number of projects in that category that have been in queue for an extended period of time. Lyle questioned whether in dedicating 100% of the increase to the >10kw projects, some of which may not be completed and eligible to receive their rebates in 2007, available resources are not being as well managed as they could be. Lyle also expressed concern that some companies doing smaller projects may be driven out of business.

In response Lance Miller noted that even if a project in queue is not completed in 2007, there are plenty of projects (totaling \$104M) in queue behind it and the next in line will step up to receive payment. Keith Hartman also noted that the primary duty of the NJBPU is to manage the program within the established budget not to manage the program so as to protect companies that might be founded on availability of rebates.

Mike Winka led a discussion of the REC Pilot Program being developed by the OCE for consideration by the Board. The Pilot is intended to relieve pressure on the queue by developing a process whereby projects can be developed utilizing RECs only without the need for rebates.

Several issues were raised regarding the timing of the process for development of the Pilot. Given that several projects have been waiting in the queue for almost one year now, the solar industry and others expressed a desire for the Pilot to be implemented as soon as practicable. The OCE indicated it understood the concern and was moving as fast as possible subject to regulatory requirements that need to be addressed, particularly as they relate to any actions by the Board that could potentially increase rates.

Mike Winka noted that the funds available for OCE Oversight exceed the budget needed to fund anticipated 2007 activities. OCE proposed that the additional funding be allocated to the CORE Program.

- *Motion to accept the Renewable Energy Committee Memorandum with a change in the proposed budget that will shift \$7,110,000 from OCE Oversight Budget into the Renewable Energy Budget, with 50% going to CORE >10kw non-public and 50% going to CORE Inspections/Other Administration.*
Motion – Lyle Rawlings
Second – Cliff Reisser
Result - All in favor – Motion Approved

The CORE Program currently utilizes two caps set by the Board that limit the level of rebates that can be approved to ensure the program remains within budget. The RE Committee recommended increasing the cap on the estimated level of funding remaining through 2008 from 80% to 95 % for > 10 kw private projects and 90% for other projects and increasing the estimated level of completions from 90 to 95% for < 10 kw projects and from 50 to 75% for other projects (as discussed in more detail in the attached memorandum).

Lance Miller proposed an alternative approach which would increase the cap on the estimated level of funding remaining through 2008 from 80% to 100% and would increase the assumed completion rate to 100% for all projects. After some discussion, a vote was taken on the two competing proposals as follows:

- *Motion to accept the Renewable Energy Committee Memorandum with funding cap on the >10kw non-public projects increased to 95% and to 90% for other projects.*
Motion – Lyle Rawlings
Second – Sarah Bluhm
Result - 3 in favor; 6 opposed; 3 abstained – Motion Rejected
- *Motion to accept the alternative recommended by Lance Miller which would increase the funding cap on all projects to 100% and change the estimated completion rate to 100%.*
Motion – Suzanne Letalia
Second – Adam Garber
Result - 10 in favor; 2 opposed – Motion Approved

Lance Miller noted that there are more CORE program commitments with contracts than ever before, stressing that projected cash resources to meet these commitments will be very tight. To the extent that contractors can identify committed projects that can be pushed to later budgets (e.g., 2008), such projects will be shifted forward to loosen 2007 funds.

Fred Lynk asked if a similar proposal has been made for commitments made in the Residential New Construction (RNC) program. Lance Miller indicated that this issue will be addressed in the 2009 CRA Analysis, since it is anticipated that the RNC program will continue to run at that time - whereas it is not expected that the renewable rebate programs will still be in place in 2009.

Lance Miller also indicate that the proposed RE budget includes an additional \$2M to cover program costs incurred for activities that have thus far been pursued by OCE staff and that will now be the responsibility of the RE market manager.

**c. Administrative Budget - Mike Winka for Administrative and Evaluation
Rev. Fletcher Harper for Marketing/Communications
Anne Marie McShea for NJCEP Community Outreach**

Note: Two documents were handed out that show the proposed 2007 Administrative Budget. A memorandum included the correct budget table. The spreadsheets handed out did not incorporate an additional \$1M for OCE Staff and Overhead, i.e., the correct proposed budget for this function is \$3M, not the \$2M shown in the spreadsheet.

Rev. Fletcher Harper reviewed the Marketing/Communications portion of the November 16, 2006 OCE Memorandum to the CEC, which is attached hereto as Attachment C.

According to Rev. Harper, the 2007 Marketing and Communications budget recognizes that as the marketing/communications budgets have grown over the past few years, public awareness of the programs has increased as well. To date, such activities have been “campaign” oriented; the desire now is to shift to a “whole house” approach to outreach and marketing.

The proposed renewable energy budgets included \$300,000 for the CleanPower Choice Program which was primarily to cover expenses related to utility bill stuffers advertising the program. Lance Miller expressed his belief that these costs are more appropriately reflected in the Marketing and Communications budget and proposed transferring the \$300,000 from the renewable energy budget to the Marketing and Communications budget.

Rev. Harper’s disclosed that his organization stands to benefit from the Community Outreach activities. Therefore, Anne Marie McShea reviewed the proposed Community Outreach budget, followed by Mike Winka’s review of the remainder of the OCE Oversight Budget.

In response to Sarah Bluhm’s question, it was confirmed that regular audits are built into the programs. Such audits are conducted by State auditors. If independent audits were desired, it would be necessary to obtain special permission to engage an outside firm to perform that work.

- *Vote to Accept the OCE Memorandum and Proposed Oversight Budget including the reallocation of \$300,000 from re to marketing as proposed by lance Miller*

Motion: Keith Hartman

Second: Fred Hauber

Result: All in favor, except Sarah Bluhm – Motion Approved

Sarah Bluhm is concerned that the CleanPower Choice program is currently below goals and, therefore, should not receive additional funding. She also believes that membership dues could be funded in other ways and website costs could be curtailed.

4. Update on Energy Master Plan

Lance Miller outlined the working groups for development of the Energy Master Plan that will come on line in 2007, noting that the DOT assistant commission for planning is developing these groups.

5. Public comments

None