

Renewable Energy Committee Meeting
August 17, 2010
1:00pm - 3:30pm

Presentation #1 - REIP Operations Update: (Tammy Gray)

Tammy stated that all applications that could be approved in Funding Cycle 2 (FC2) have been approved. This included 575 residential and 78 non-residential.

Tammy discussed the overall volumes of applications, and issuing NJ certification numbers. She stated that the SRP registrations have increased significantly with the largest spike in the period from June through today. Tammy also discussed that the number of NJ Certification numbers assigned are much greater than last year. Only 524 were assigned as of this time last year as compared to 1510 so far in 2010.

Due to high volumes the processing time for receiving NJ certification numbers have changed to 6-8 weeks.

Tammy requested that installers use the Project Activity Reports on the website (<http://www.njcleanenergy.com/renewable-energy/project-activity-reports/project-activity-reports>) and then contact the call center 1-866-NJSMART with questions about status of projects rather than contacting the processing team.

Question arose about when the CORE program will end. Tammy and Charlie Garrison said that we are no longer approving CORE applications and have not approved one since last May. There are some that received extensions and are still active. Charlie said that there are approximately 125 applications still left with the extensions and they will go into mid year 2011. Mike Winka asked Tammy to send Scott Hunter and Mike Ambrosio a report with the projects left in CORE and the status of those projects.

A question from a person on the phone: Why does it take 6 – 8 weeks to get an NJ Certification in order to sign up for SRECs? Tammy said that we need to wait until all the required paperwork is in house before we can process that certification number since this is the very end of the project and we currently have so many projects ready to be issued the NJ certification number but we have a very limited staff.

This individual asked for the state to allow more contractors to process this paperwork and Mike W. said that is not going to happen because the state said that we need to reduce administration. This individual said that he wants to know why in 2010 Funding Cycle 1 (FC1) we needed to add the energy efficiency requirement. Mike W. said that making sure your home or building is energy efficient should always come before you install a renewable energy system. The volumes however were too great and that is why the requirement was removed from further funding cycles.

Presentation #2 - REIP Funding Cycle 3 Application Process: (Charlie Garrison)

- Funding Cycle 3 (FC3) opens Sept 1, 2010
- 6.65 million available for new solar commitments

- Rebates \$0.75 per watt for residential projects less than 10kW and non-profit or public projects less than 50kW but rebates are capped at 7.5kW for residential and 30kW for non-profit and public projects.

Daily Application Cap:

- Board meeting approved this process in August 4th
 - o 3 residential applications per day for each installer
 - o Installers can submit additional public or non-profit
 - o 3 applications per public or non-profit per funding cycle

There will be a time lag in which the NJCEP will have a surplus of applications because it could take about 48 hours to get all the applications in a spreadsheet and determine the status. A daily update will be posted on the main page of the renewable energy website on status.

- Applications will be received via mail, overnight hand-delivery
- Mail and Overnight mail will be time stamped and disbursed throughout the day.

Question – How many applications will we approve in FC3? Charlie G. said approximately 1000 – 1200 applications will be funded in the cycle.

We will start to be mailing the approval letter for the 1st batch out by week 3.

Mike A. said that he is getting a lot of appeals with the electric bills which applicants include the summary graph verses actual bills – You need to submit the full 12 months of bills if consumption is very close to the production of the system.

One person commented that he feels we shouldn't send back the applications with electric bill issues. We should just approve the application at the lower level. Tammy said the paperwork would not match and that is an audit exposure.

Mike A. wanted to understand the changes needed to handle this request. Tammy said we would need to ask the installer to resubmit a new technical worksheet.

Charlie G said we should not be in a position of downsizing and redesigning systems. The program should not be responsible for determining which portion of your system needs to be changed.

It was recommended that the industry needs to stress submitting 12 months of bills not the summary. Tammy stated that more than half of the applications that we send back are oversized system.

A question arose about what happens if an application is not funded in FC3, will they get sent back? Charlie G said that new in FC3 is an extra form to convert your REIP application to the SRP registration program. This is optional but recommended if your applicant is ok with not getting a rebate.

A question about the application packet – What's new or changed with Funding cycle 3? Charlie G said just the REIP Solar Technical worksheet with the lower rebate amounts and Application conversion REIP to SRP form.

Once we start posting information on the website it was recommended that we also post the day in which we are approving applications on the website.

Charlie G. said he was going to do end of month reports more frequently – Charlie G. can send out project list update reports more frequently.

It was suggested that we do not send out last year's data for paid, just focus on 2010 paid.

SRP registrations are taking about 4 – 5 weeks for a registrant to receive an acceptance letter and we do not send those back. We e-mail the installer for the additional requested information or to submit changes.

A question arose about is there any way to pull a report so you know in the renewable energy project system that an e-mail was sent and what was in it? Tammy. said there is an interaction in the system but it is not a searchable field. Tammy. said that an installer can also contact the call center 866-NJSMART and they can look up the specifics.

Reallocate funds to Comfort Partners Program (M. Ambrosio)

Comfort Partners program is a utility run program and needs \$3 million to fund the program through the year. It was recommended that to fund the \$3 million the BPU should use \$1.3 in interest accruals, \$930K in CORE Scrubs and then three different buckets of money in Oversight budget. BPU staff feels these should be allocated to the Comfort Partner's budget.

Also, it was discussed that if the BPU board does not make a decision at tomorrow's board meeting then the utility contractors implementing the program would have to layoff employees.

Question arose about how the money is going to be applied? Mike W discussed that utilities have spending guidelines per home. They do a walk through audit and identify cost effective measures and do those changes including air sealing, installation, refrigeration, heating system etc. Up to \$6K per home but those with the heating system could get up to \$12K. All Applicants are low-income.

What happens if we get Federal funds for weatherization? Mike W said it would move some of the applicants to different funding sources but the demand right now is so great that it would give the program the opportunity to support more customers.

The BPU staff stated that they were going to recommend to the Board this reallocation of funds.

Overview of 2011 planning process, CRA funding, the timing of 7 & 5 report and first pass 2011 budget: (Mike Winka and Mike Ambrosio)

Mike Ambrosio said that it was discussed that for 2011, one of the budget issue and concern are to reduce the costs to administer the program. This strategy to reduce the costs will involve the utilities. For example some ideas include:

- Changing some of the program paper requirements – not requiring the contract
- Having the utilities handle approving system size by analyzing the historical consumption as part of the interconnection agreement

The budget process for 2011 will be to propose and review today the high level budget changes and gather ideas. Next, a Straw proposal will be documented and then sent for public comment. At the September RE meeting will dig deeper into 2011 budget and program changes and then Sept and Oct will be for review with board and staff.

Final compliance filing will be in November with a budget approval in December.

7 & 5 report is in the process of being developed. This would include carryover but unlike the last few years there will be very limited money in carryover. We will have committed carryover but very little of any uncommitted carryover.

For 2011, the full budget will be 245K for the program (We started with 319.5 million - \$52 M was already appropriated including \$42M for state energy costs and 10M for energy efficiency of state facility buildings – another \$25 millions was allocated to NJ shares)

Of the \$245 Million:

- \$22 Million for RE
- \$6 Million for Oversight
- \$80 million for residential EE – \$30 M for low income and 50 million for whole house EE
- \$80 million for Commercial and Industrial EE programs
- \$40 mill for EDA – \$20 million for financing programs through EDA
- \$22 M for renewable energy – 2 M for program admin, 10 million for large non- solar grid projects and 10 million for behind the meter non- solar.
- \$25.5 million for competitive grant for market segments.

The Board said that \$30 Million a year in budget used for items other than rebates and incentives is very high and in 2011 we need to reduce that number substantially.

President Solomon wants the budget to be self sustaining. He would like to see a focus on financing not on rebates.

The Grant program concept was discussed as possibly a cheaper way to get money to businesses or non-profits to get larger commitments of the fund with better ROI.

The Board and BPU staff is looking at alternative structures for the program. Staff has been given direction that Honeywell and TRC contracts will be extended in 2011.

Mike A discussed a budget table that he will send out separately to the RE listserv by the end of the week.

Question on what is the amount of the current oversight budget? Mike A said that in 2010 it is \$7.8 Million vs. 6 Million that is proposed for 2011.

Solar Installed Capacity Projections (C. Garrison)

Installed Capacity Forecast – grow from 7.7 MW per months and starting July it is growing significantly – it is expected that in July we will see 12 MW.

As for the RPS – we are doing better than expected with the cumulative install.

Smaller projects do not seem to register right away for SREC's so there is lag is about 3 months.

On May 1st 2011, the rule is proposes to change the way we track MW. It will be based on energy year fixed capacity on kWh vs. estimated production

Complaint from a member of the audience was that the PSEG pole mounts are finally on the books after 9 months of installations.

The chart presented showed a low forecast is based on run rate over last bunch of months and a higher forecast is based upon June (The pole mounts were added in June but then reassigned to the appropriate interconnection dates) and other months that are hitting 11MW and 12MW.

Presentation #3 - 2011 Renewable Energy Plan – Straw proposal – Charlie Garrison

Ideas for how the Renewable Energy program handles the \$22 Million budget for 2011

Charlie G. reviewed current programs in the RE budget –

- EDA and OCE administered program
- Wind and Biopower Grid
- CORE carry over projects – just admin costs
- REIP
- SREC Registration program
- NJ REMI Rebates

For the REIP:

- Continue rebates for small wind and biopower – keep rebates the same, we will keep the budget about the same as 2010
- For Solar – consider replacing solar rebates with other approach
 - Low interest financing programs
 - Competitive solicitation
 - Other ideas

Ideas proposed by the group:

- EDA should be bonding tax free bonds for solar
- EDA can propose purchasing SREC's at the 90% at the SACP. This would get the banks involved

Scott H stated that 90% of SACP would be a very high price and expensive program.

Mike A suggested that we doing some work with the industry on a low interest financing program.

It was discussed that banks still use mostly capital backed loans. One person said that he has banks interested in the financing the very large projects and financing on SREC's.

Scott H said that they are starting to have conversations with banks on this topic. Issues are the regulatory concerns with the SREC's.

It was discussed that it would seem the rebates would be cheaper to implement that a competitive solicitation.

It was commented that a JCP&L contract's with a company should be enough to get a bank to make a loan on the project

It was discussed that buying down the interest is more sustaining than rebates.

A representative from one of the industry association said without the rebates need to determine how the residential sector can survive. This individual felt that the sector should survive with the SREC is we have good long term SREC programs and good financing.

It was discussed that the JCP&L, RECO and ACE financing are not working well for residential. This individual also mentioned that MSEIA is not part of the new Energy Master Plan discussion but and the Solar Alliance is part of that discussion

Another topic discussed was the NJREMI program - How much should be allocated for the program and can we modify project eligibility and incentive levels.

Discussion from two NJ manufacturers is that we need to keep this rebate and make it more important because of the costs to manufacturer in NJ. 50% must be manufactured in NJ and therefore the product costs are higher than purchasing in products made in other states and other countries.

Mike W – NJ is the highest electric bill because of the SBC, REGI and etc.
\$33 Million was allocated to the EDA. There may be part of that EDA budget to be used for NJREMI.

Someone commented - what about a factor that can be applied to the SREC's for NJREMI programs? Mike W thought we should evaluate all ideas.

The group agreed that we need to come up with a way to still commit to manufacturers. Need to come up with a way to come up a factor to support the NJREMI. Maybe it is supported by grant dollars per megawatt sold.

ACTION: Mike W. will discuss the EDA and NJREMI with Maureen at the EDA.

Other topics for potential changes in 2011 discussed include:

Program Administration:

- Inspections
 - o Possibly have two levels of inspections
 - Rooftop with similar scope currently used
 - Ground based verify system is in place and operational - this would take away the consumer protection
 - o Possibly reduce sampling percent
- Training
 - o Reduce to 12 to 15 trainings per year
 - o Change to web-based trainings

Comment from the group was that the loan programs are the ones that require the inspections they need to relax the rules. It was discussed that maybe the utilities should inspect their projects financed through their loan programs or if PSEG or the other utility needs the inspection they would have to pay extra for those and those funds could be added to the program.

Mike A. discussed that the program should focus more on doing random program inspections. The local inspections should handle more and there currently is duplication of effort.

As for SREC Registration, it was discussed that maybe we can move to on-line process. To continue getting feedback and input on 2011 programs and process changes, Market Manager will request comments on the straw proposal and we will continue to discuss this at the September 13, 2010 RE meeting.

Meeting ended at 3:45pm.