

Meeting Notes

CleanPower Choice Working Group Meeting

Location: Conservation Services Group Offices, Iselin, NJ

July 22, 2008

Attendees:

In Person: Maureen Quaid (MQ), Henry Ogden, Maria Grazul, Bob Maddox (BM), Jim Campos, Kim Hoff, Anne Marie McShea (AMM), Meg Denney (MD)

By Phone: Melissa Standing, Tom Kelly, and Chris Siebens

Agenda Items:

1. Update on Customer Account Look Up

Anne Marie confirmed that the written board order is now in hand from the DAG's for final review and that she expects it to be released by the end of July. Once that is in hand she suggests CPCWG meet and discuss how it might be effectively used for the fall-2008 campaign.

2. Slamming Rules

Anne Marie asked if those present had any comments on the slamming rules she distributed at the last meeting. Meg said they were pretty standard and she had no feedback on them. Bob Maddox asked for clarification about a section which seems to require 3rd party recording of incoming calls from people who want to sign up for green power. He noted that they do not have this requirement in other states. SPI is not set up to do this, and that setting up to do so would increase costs. AMM asked that BM put his concerns in an e-mail to her. MD said CEI is doing 3rd party recording.

3. 2009 Program Planning Suggestions

MQ reviewed the PowerPoint slide presentation titled "Comments on CPC Program" distributed to the CPC working group prior to the meeting starting with those suggestions which had been presented at the last meeting and those that had been received in response to the request made by AMM for comments leading up this meeting.

AMM commenting on the tentative rule making timeline slide noting that if Program changes do not involve a competitive solicitation, and that the changes go smoothly, they could be implemented in time for the spring 2009 enrollment drive. MQ noted that even with a competitive solicitation that the existing structure would be in place for an additional 5 quarters.

MQ then presented design alternatives for 2009 from a PowerPoint presentation titled "Clean Power Choice Program 2009 Program Design Alternatives." The topics included:

- Performance Standards & Goals
- Program Design Approach
 - Voluntary CPC Program / SBC Funding
 - Utility CPC Program / RGGI Filing
- Marketing Strategies to Increase Enrollment & MWh Growth
- 2009 Planning Timeline

In comments BM pointed out the conflict around a “NJ new resources” product, a 100% product, and the price points which are acceptable to potential purchasers. AMM responded that she understands BM’s point but as was discussed at the last meeting, everyone needs to think creatively about how we can accomplish the objective of getting more NJ resource into the Program.

BM said successful programs require 3 or 4 key elements, namely

- Good Demographics and we have that in NJ.
- Strong Program Design, and that with customer account look up, NJ has that.
- Right product, at the right price, with the right message, but that creating this point is constrained by the first two points.

Colleges and businesses should be more active participants in NJ based upon other states.

AMM commented that other than the Atlantic City wind farm, NJ participants are not being offered NJ resources. She also added that for the Program to continue to receive support from the BPU that four elements need to be met:

- It has to have a stronger tie to NJ resources
- There has to be a greater focus on delivering MWh
- There has to be a resource rich block product.
- The price has to be reasonable to gain public participation and grow the Program.

BM feels that program parameters that increase the price, and the CPM risk of finding very specific and short supply resources (like new NJ), create a lot of pressures on the CPMs which must be able to purchase RECs supporting what they advertised, and do so at an acceptable price.

AMM suggests that the group, working with CSG, layout some financials which show what is the range of REC pricing that would enable the Program to work effectively with her proposals.

BM points out that the CPMs must deal in short term pricing-say 2-3 years, while the utilities can lock up much longer term contracts with any RE developer. And that in general the developers prefer the EDCs since they represent much greater capacity of purchase and stability of purchase.

MD said that she does not know of any new large NJ wind resources coming on line in the near term future to alleviate resource pressure and that CEI prefers a CPC Program which allows for a mix of resources, some of which are NJ based.

Other discussion points included the need to communicate more clearly about the Program with customers, both when they are new, and during any subsequent changes introduced to

them. This requires closer coordination with the EDCs, a uniform standard welcome letter by the CPMs, and a redesign of the EDC mandated letters which are also sent to customers.

In the discussion of the proposals on the slides titled "Voluntary CPC Proposal" and "Utility CPC Approach" which MQ reviewed the following was discussed.

BM said it was essential that before SPI makes any substantial investment in NJ he needs a decision about who keeps the customers who have chosen SPI as their supplier, if there are any major changes, like a reduction to one supplier.

In response to the "Utility CPC Approach", MD and BM asked if the utilities had any interest in a utility CPC program. AMM said this meeting was the first time this proposal was being presented. Chris Stevens said they already had a number of RGGI proposals to deal with and this was new. AMM added this is one way to have more engagement with the CPMs, but this is just a discussion item at this time, but is something she would like the utilities to comment on.

Henry Ogden also said the greater utility involvement in the Program is also aligned with the suggestions of Dave Nichols which briefly are:

- A single CPM is chosen by each EDC instead of the existing open framework
- Having an exclusive franchise will incent the CPM/EDC to invest in marketing CPC
- Ratepayer support for the Program should be discontinued.
- All incremental marketing and administrative costs would be covered by participants.
- Branding of the Program by the utilities would possibly increase participation.

AMM asked for comments on the "Utilities CPC Approach" from the utilities in the meeting.

Melissa Standing asked for clarification on how such a program might work. Melissa and Chris Siebens both asked for a written proposal they could discuss internally before commenting.

MD and BM both thought the approach was possible if the utilities were interested, but MD added that it would require a big Program change. Everyone seemed to agree that the timeline to achieve a utility program would be similar to the rule making timeline—with a January 2010 implementation at the earliest.

BM added that this new possible proposal again introduces uncertainty into the NJ Program just at a point when the CPMs have finally gotten customer account look up. The uncertainty makes it more complicated to design, and sell to his management, an effective investment strategy for New Jersey. Bob asked for formal commitment from the Board that if SPI spends money gathering customers that they can keep those customers going forward if the program changes. This would ensure that if they spend to get customers they will have the ability to keep them long enough to get a payback on the investment.

BM feels that the Program has under performed the BPU's expectations for basically two reasons:

- The average person does not know about the Program.
- The shortage of RECs and dramatic increase in prices from the time the program was launched has forced everyone to increase prices.

Now given the market uncertainty for any individual CPM referred to earlier (in a possibly redesigned Program) and the relatively long payback on any investment spending to attract new participants it will be more difficult to plan for the NJ market.

MQ continued the agenda with a discussion about possible market strategies of 2009 and the 2009 Program Planning timeline.

The following are the critical dates for 2009 Program planning:

- CPC WG input on approach July 22
- Draft 2009 plan to CPC WG Aug 8
- CPC WG meeting Aug 12
- Written comments from WG Aug 15
- Program plans due to OCE Aug 19
- Plans presented at REC meeting Aug 26
- Plans presented at CEC meeting Sep 2008
- BPU approves 2009 plans Oct 2008
- New Program begins Jan 2009

4. CPM Marketing plans for the remainder of 2008

AMM indicated that she is expecting: (1) customer account look up to help with marketing in the remainder of 2008, and (2) that detailed marketing plans will be part of the changes in the Program. She would like plans from the CPMs for the rest of the year anticipating the use of customer account lookup and focusing on the fall 2008 utility bill insert.

MD indicated CEI starts its campaigns in September and would like to understand as soon as possible the process of how the EDCs are going to provide the account numbers to them. In MD's view, pre-planning is necessary, not just assuming things will happen. AMM mentioned that the Order describes the process and that the utilities have 30 days from signature to implement it.

In a subsequent discussion about the bill insert it was agreed that the CPMs would advise of any price/product changes by August 8. The CPMs also promised to provide a six month marketing plan by that time.

BM asked that OCE schedule some sort of high level marketing event in the lead in to the October bill inserts (an ideal time would be the 3rd week of September) to stimulate public interest in the Program.

The possibility of using Cape May, other community partners, businesses purchasing green power, or a "personally" at the media event to draw interest to the environment and opportunities which CPC offer was discussed.

5. Follow Up

- CPCWG members to e-mail preference of date for August meeting. It must be August 11th, 13th, or 14th. E-mail Bill Marshall
- CPMs to submit marketing plans by August 8th. Send to AMM and Bill Marshall
- CPMs to submit any price or product changes for the fall utility bill insert by August 8th. Send to Kim Hoff and Bill Marshall

- Maureen Quaid to circulate to the EDCs a proposal for the absorption of the CPC Program into their RGGI plans.
- EDCs and CPMs to provide copies of letters they send to CleanPower Choice participants along with a brief description of the circumstances which trigger the mailing. Send to Bill Marshall.