

**New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
Tuesday, December 11, 2012
Hosted by Honeywell – BPU, Trenton**

Introductions

Program Coordinator and Regulatory Updates

Presenters: Mike Winka (BPU) and Mike Ambrosio (AEG).

1. Upcoming Board Agenda meetings are Dec 19 and Jan 23: On the Dec 19 Agenda:
 - a. There was a MOU extension.
 - b. The SBC Credit Program - There was a public hearing on Dec 3, 2012 and a revised Straw issued (comment period closed on Dec 7th). There were a few revisions which set a cap in the program. The legislative mandate provided 50% of the total cost of an energy efficiency upgrade to all C/I customers up to 100% of what they pay in as the SBC on an annual basis and also provided that the Board could set the limits in terms of the credit that was available. The Straw Proposal that the Board Staff proposed was 50% of the total SBC costs.
 - c. There a few rebates approved greater than 300k.
 - d. Contract extensions for Honeywell/TRC/AEG - The current contracts end in January 2013. Since the next Board Agenda is not until Jan 23 the Board needs to consider the contract extensions before that. They were on schedule to get a decision on the RFP until Sandy generated more critical issues. Treasury is committed to getting it on the Jan 23 Agenda.
 - e. The first round of the Combined Heat and Power (CHP) projects - There were 6 projects for \$11M. The second solicitation will be issued during the first quarter 2013. The Board approved the budget for \$25M for the large CHP solicitation and to run it as an ongoing, continuous solicitation. It will not be a competitive bid. Once it is open it will be a first come first serve basis until funds are committed.
 - f. CleanPower Choice - The Board is reviewing the revised compliance filing submitted by the utilities. There is a request to require 3rd party verified products to be available and to require the Clean Power Marketers actually have information for their customers and if they do not to tell the customers that they do not verify products.
2. 2014-2016 Funding Levels (Betsy Ackerman, BPU) – Staff is going to take a relook at the Straw that has been issued. It is likely the CRA will be extended 1 month. So they are looking at a Board adoption to be more likely in March. Mike Winka added that one of the items in the RFP is delivery process and timing to be more efficient. They would like to have the same discussion on the revised Straw. President Hanna has to put out a revised schedule under his signature and it will probably by end of next week.
3. Transition Status – Further discussion once RFP is issued.
4. On the last agenda the Board approved 2012-1013 budget.
5. Sandy Response Process and Timing – Mike Ambrosio stated that Board Staff and AEG met with HW and TRC to develop a proposal on how NJCEP can help with the rebuilding effort from Sandy. There is a strong desire to get them rolled out ASAP, but the paperwork would not have been ready by the Dec 19th Agenda. Staff is in communications with the Commissioners, and if there are no objections, Staff will have the ability to approve the programs hopefully next week or as soon as the Market Managers are ready. Betsy added that the proposals have already been informally presented to the Commissioners and they have given their ok to go ahead. Mike Ambrosio added that today is the day for Honeywell and TRC to present it and for people to ask questions and make comments as they want to roll out with it next week sometime.
6. Anne Marie Peracchio (NJNG) – Asked that with regards to CHP, are there any dates set to have discussions? Mike Winka said mostly likely next week. There are a couple of items on the State's storm response activity. Items like what the State should be focusing on such as critical infrastructure for example or items more across the board. They will want to get input from utilities and developers to put something together to provide to the front office or Governor for overall storm response items.

Commercial/Industrial Programs

Presenters: Brian DeLuca (TRC)

Presentation/Handout – C&I Market Manager EE Committee Meeting Presentation, December 11, 2012. See presentations for details.

1. 2012 Programs and Results to Date – Some numbers are lower; believed to be a result of Sandy.
 - a. Pay for Performance Existing Buildings – There is a healthy queue and they are seeing results now.
 - b. CHP – A question was asked about what information is available to the public. Mike Ambrosio responded that they have had some information available for other programs and that it probably can be done, but it cannot be provided until it is committed since they cannot disclose this information during approval stages. They may be able to give aggregated information, however. Mike asked to have an email on what types of questions are coming from the industry and then they can see what they can make available to help.
2. Mike Winka – For the Board approved 2012-2013 budget LEUP is on temporary hold. They want input on continuing the program through the next budget year and how to continue it as an existing program within the suite of programs the Board wants and not as a pilot. Mike Ambrosio clarified that what Brian Deluca just went over in the presentation is not on hold. This is for budgets starting in July.
3. 2013 Budgets and Planning –
 - a. LGEA – Will be only for schools interested in initiating an ESIP program. Anne Marie Peracchio asked how they will be able to determine who is really interested. Brian said there are a few different ways they can demonstrate their interest and he can provide that information. Mike Winka added that one way could be to have a check box on the application.
 - b. Direct Install – Stays the same with increased focus on small schools and municipalities.
 - c. Retrofit and New Construction – Retrofit program modified based on Federal standard and market trends.
 - 1) Mike Winka added that the question always is when do you start to scale down. The budget has pushed timing like this to the forefront.
 - 2) Kenji Takahashi (Synapse Energy) said that in other places CFL's have been a major source of savings for programs and that the federal standard is not phasing out CFL's, but they are just reducing the lumens per watts and there are more efficient incandescent bulbs becoming available now so he believes there is still meaning/reason to push for existing CFL's. He is curious why the incentive is ending. Mike Winka responded because the efficiency standard for the bulb has increased. Overall theory of why incentivize something that has to be installed by standard. Kenji added that still the lumens per watt will not meet the CFL for a while. Mike Ambrosio added in terms of overall process these changes were put out for comment back in September, the Board took comments on it and Brian is now summarizing the changes that have been approved
 - 3) Small CHP- Effective immediately, 5 year warranty and 15 year lease agreement and systems installed must be covered by a warranty of 10 years or a 10 year service contract.
 - 4) Pay for Performance Existing Buildings and New Construction – No changes.
 - 5) LEUP is under temporary suspension. However current participants of these programs will be able to continue, but no new applications will be accepted.
 - a) Kenji had a question about P4P Process Evaluation Report by AEG issued several months ago stating there are some barriers noting the process is very lengthy and that is why some do not want to participate. He asked if they have tried to address some of the issues brought up. Brian responded that a lot has to do with the partners and the quality of the partners. They are all trained yet some may be better than others. TRC is continuously working with partners especially those that need extra help. They also speak with the customers as well. It is a learning curve for partners. Once they get through whatever issues they have, they do very well. Mike Winka said some of the issues are making changes to the programs. They have been holding off on some things waiting for the decision on the RFP. If timing was otherwise they would have focused on the processes. With the longer timeframe now of the contract extension they can have more of these types of discussions. Bill Palmer said they have seen a slow down of the process as well

and that now he sees there are some timeframes for the partners and Market Manager. He wanted to make a suggestion to put 30 days for each of them and that will help speed things up.

4. Sandy Relief Draft Plan –

- a. Customer Eligibility – The offer will be targeted to customers who live in storm affected designated areas, which will be translated into zip codes. Customers within those designated areas and/or customers who have incurred storm related damages would qualify for purchases that occur on or after October 29, 2012 and prior to June 30, 2013.
 - 1) Mike Ambrosio – There is an expectation that some of the new construction projects that are a result of the storm will go beyond June 30th. There will be time before then to look at what is occurring with damaged projects and submissions and see how to address timeframes. Mike Winka added that legally the budget is only good until June 30th and they only have state appropriation to June 30th. Obviously there is no intent to stop the program on June 30th. The Commissioners will say that because legally they have to go with what the budget and state appropriations say.
- b. All enhancement rebates are proposed for SmartStart prescriptive measures only. Key goals include:
 - 1) Streamlining – One suggestion is to remove pre-approval before installations. They do not want to penalize those impacted by the storm. Mike Winka added they are required to have a tax clearance certification and they are working with Treasury and the tax specialists to see what they are already in process of what to waive or not waive. This then gets into rules, but there may be a waiver within the permits process on the construction side that the DCA is working through. Everyone is trying to coordinate to respond effectively and efficiently. Darren Port (DCA) said what they are doing is not offering waivers to the code, but waiving permits for siding, roofing, gypsum and HVAC. They can begin the work, but need to apply for a permit within 72 hours. All the other code provisions remain the same.
 - 2) Continue to promote energy efficiency equipment in lieu of customers replacing equipment with standard efficiency.
 - 3) 50% increase to all prescriptive incentives. Incentives still limited to 100% of material cost. There was a question on what the basis is for this increase. Brian responded that many of the current are 20-30% of the incremental costs so this addition allows a safe increase for a healthy incentive and not pay too much. Question was asked on how it was determined which measures to include in this package for Sandy response. Mike Winka said there was a process of discussion with contractors, staff and PC meetings to determine what they thought was needed, what they have in the suite of programs already etc. They wanted to make it easy, quick and effective for them
 - 4) Allow Sandy victims to participate in performance lighting for existing buildings.
 - 5) Discontinued technology incentives (T12's and premium motor replacements in March 2013) would be extended.
 - 6) Flexibility provided to TRC in administering equipment incentives.
 - Waiver of pre-inspections, pre-approvals.
 - Allowing customers to provide reasonable proof of existing conditions if equipment is heavily damaged, not on site or removed from use (recent pictures, maintenance records, energy audit, etc.)
 - 7) Additions of food service measures to prescriptive equipment list, both electric and gas equipment measures. Equipment will need to meet pre-determined efficiency criteria, or be qualified by ENERGY STAR or CEE.
 - Commercial dishwashers, fryers, griddles, hot food holding cabinets, ice machines, ovens, refrigerators and freezers, steam cookers.

- 2) Betsy Ackerman added that these are based on Pacific Gas and Electric which is one of the most comprehensive kitchen/food service programs. They did research and this was the one to most logical to adopt.
- 8) It was asked if there was going to be an opportunity to comment on these changes and how long comments would be accepted. Betsy responded that the directive is to put the program in place as quickly as possible. They have been vetting the proposals and had discussions with Commissioners already and their goal is to be able to respond timely. She would like to see them done by the end of the month.
- 9) Janja Lupse (CSG) asked about the funding for these additions and Mike Winka responded this is all from the existing budget. The Board has the ability to approve between programs within the same market segment. Mike Ambrosio added that is not just for Sandy. They are able to do that in general without closing a program.

Residential Programs

Presenters: Dave Wolk (Honeywell)

Presentation/Handout: Residential Programs Progress towards Goals Statewide Results YTD November 2012, Residential Energy Efficiency & Renewable programs 201 and Sandy Response Proposal. See Presentations.

1. 2012 Programs and Results to Date – See presentation. For Overall note, some slow downs in submissions due to Sandy. Note: Some November data did not make it onto this presentation.
2. 2013 Budgets and Planning:
 - a. 2012 – 2013, 18 Month Budget – Approved and in compliance filing. Note: There will be exceptions to what is noted under the Sandy Relief Plan detailed below this section.
 - b. The challenges are to modify the programs to achieve energy savings and drive customer energy efficiency actions, support a smooth transition of program changes and coordinate 2013 implementation with Sandy relief plans while ensuring clear messaging to the consumer.
 - 1) Communications for next year are usually made out there 30 days prior to changes going into effect. Currently communications for 2013 programs are on hold as they develop Sandy incentives.
 - c. HVAC -
 - Water heaters - Maintain .82 EF and 90% TE and add .67 ENERGY STAR Power Vented unit at \$500
 - Furnaces reduced to \$250 – (mainly because the baselines for the units are increasing).
 - Eliminate Central AC. The primary reason for this decision is the budget.
 - Add an incentive if you do furnace and water heater at the same time for \$900.
 - Maintain boilers, solar thermal, heat pumps and mini splits at current specs and amounts.
 - Continue HVAC contractor training especially high efficiency heating and water heating system installations.
 - d. Home Performance – Maintain as is and develop Pilot NJ Credit Union Loan option and support NJ Credit Union marketing through co-op advertising.
 - e. ENERGY STAR Program –
 - Transition CFL support to increased LED participation and selection.
 - Eliminate clothes washer rebate. The primary reason for this decision is the budget.
 - Look for opportunities for upstream appliance incentives
 - f. ENERGY STAR Homes –
 - Continue to offer incentives for Tier 1 and 2.
 - Drive deeper savings by requiring a 5 point HERS rating increase for equivalent Tier I and Tier 2.
 - Continue to support Climate Choice Home Tier.
 - Maintain co-op marketing.

- g. Marketing –
 - Continue website maintenance and updates.
 - Program support and promotion.
 - Evaluate and approve co-op marketing.
 - Variable spend limited to program changes for 2013.
 - h. Timing of changes question arose. Mike Winka clarified that the Board approved the filings as submitted and with the budget as is. In the middle of that Sandy occurred and they told the Board as you are approving these 2013 programs we expect to come back to you with some changes to have some relief programs. They do not want to do it in 2 separate communications. They will put it all together in a coordinated message. The changes go into effect 30 days after the notice goes out.
 - i. Darren Port asked a question about May 1st 90% furnaces becoming required and if anyone knows if contractors will be allowed to install the lower furnaces that they will still have in stock. Dave Wolk and others noted there are multiple entities contesting this requirement so there are 'multiple paths of uncertainty' with this program and there may be additional clarification or changes coming.
3. Sandy Relief Draft Plan – Same targeted customers as noted in C/I section above. Incentives are determined by the amounts in effect at the time of purchase.
- a. HVAC –
 - 1) Enhanced rebate of \$200 per unit for boilers, furnaces and water heaters.
 - a) Anne Marie Perracchio suggested the potential to not offer the additional \$200 to customers in areas already receiving an Enhanced Rebate from their utility company. Since some of the disaster areas are in those utility areas it could free up the money to possibly offer a larger incentive (more than \$200) to those that are not in areas getting an additional rebate from their utility company. Joe Gennello queried the utility's representatives in attendance as to the end date of the Enhanced Rebate programs. None are currently scheduled to go as long as the Sandy Relief plan. Anne Marie also added that the utilities have a large amount of other resources in their areas that can get the marketing out to the impacted areas.
 - 2) Central Air although scheduled to end for purchases following the 2013 notification period will be continued for Sandy relief targeted customers.
 - 3) Furnaces – Units that meet both the pre-July 2012 or post July 2012 requirements would qualify for incentives. That is both 92%, ENERGY STAR qualified (pre July 2012) and 95% and 2% fan efficiency (post July 2012).
 - b. Energy Efficiency Products – The \$50 incentive for Clothes Washers which ends on December 31, 2012 will continue to be available for Sandy qualifying customers.
 - c. New Construction – Smart Growth rule will be waived for Sandy qualifying customers.
 - 1) Ben Adams (Magrann) – Proposed an Affordable Comfort Conference like one in 2007/2008/2010 which was a conference which had sponsorships. Suggestion of having a conference that could offer information on reconstruction, damage and recovery work and bring in speakers who can talk about how to adjust practices to address issues that have come from situations like Sandy. This will be an opportunity to reach contractors.
 - d. Marketing (Sherri Jones, BPU) – President Hanna is putting together a letter and there is a plan for an e-blast as well. They have access to trade organizations and will work with the utilities and FEMA as well. Both the NJCEP and BPU websites will offer information and the social media sites will have information as well. Currently they are also altering one of the radio spots. They will assess direct mailing possibilities. Sherri feels the opportunity being missed is collaboration with other agencies and asked if there was anyone already working on the DCA interagency taskforce that Darren spoke about earlier. She also spoke about what type of flyers to put together such as having a separate residential and commercial flyer.

Home Performance with ENERGY STAR

Presenter: Janja Lipse (CSG)

Presentation/Handout: Home Performance with ENERGY STAR, December 11, 2012. See Presentation.

- Envision ending with about 3,600 completions this year, with about 5 or 6 SEP projects each month.
- Still always looking for new contractors and they continue to have trainings available to help contractors with program details.
- Betsy – Asked if there has been or is a plan to have increased focus on mold and moisture and other Sandy related potential issues in the trainings. Janja responded that they did send contractors information on how to handle those homes and the information is also available on portal. They also gave the contractors related resources. There is also talk of a potential webinar. One note was about waiving the blower doors tests when safety and health are an issue. They also gave them resources. Dave Wolk added that there is already a fair amount of training on these topics in the ‘normal’ training because they are health and safety issues and contractors need to know how to handle that.

Eastern Heating and Cooling Council

Presentation/Handout: Eastern Heating and Cooling Council, December 11, 2012. See Presentation.

- Despite Sandy goals are being surpassed. They will try to implement more Sandy related topics as appropriate.
- Going to do training just for Hutchinson which is about 50 contractors and they are excited about bigger companies having interest.
- They are going to release the first quarter 2013 schedule middle to late next week.

Utility Updates

- Anne-Marie Peracchio (NJNG) – OPower Pilot. OPower called them right after the storm. NJNG had to suspend the project immediately as it would be too insensitive to send a letter to people who did not have homes about their energy usage. It would also be a creditability issue to send comparisons out when one neighbor had power to one that did not. They have revisiting and taking out/pulling out people who live in certain areas so these are lesser of a concern. She noted how OPower was great to work with through this process.
- John Puma (American World Light Energy and Finance) – They have an energy efficiency project loan program that is available to anyone working on any energy efficiency project with 100% financing. They are a direct lender and not a broker. Minimum loan is \$50k and maximum is \$110M. A typical loan is 4-7 years. Very competitive rates. If the project is in an energy rebate program the rebates will go to buy down loan. The can close within 30 days of due diligence. He can be contacted at jcpuma@verizon.net. or 917.885.6625.

Other Business, Next Meeting

Monday, January 7, 2013

| <u>Attendees</u> | | In Person | By Phone |
|-------------------------|----------------------|-----------|----------|
| Ackerman, Elizabeth | BPU | x | |
| Adams, Ben | McGrann Associates | x | |
| Ambrosio, Mike | AEG | x | |
| Bachmann, Joannanne | CSG | x | |
| Bowen, Mark | Franklin Energy | x | |
| Bryant, Elaine | Birchview Efficiency | x | |
| Burack, Jefferey | Converge | x | |
| Carpenter, Joseph | NJ DEP | x | |

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|-------------------|---------------------------------------------|---|---|
| Chaplin, Dawn | Honeywell | x | |
| Chiu, Susanna | PSE&G | | x |
| Deangelis, Diana | Pepco Holdings | | x |
| DeLuca, Brian | TRC | x | |
| Desimpel, Tom | CMC Energy | x | |
| Deubie, AJ | New Millennium Lighting | x | |
| Dietterick, Jason | The Stone House Group | | x |
| Dolan, Brian | Intellidyne | x | |
| Donohue, John | On behalf of Fuel Merchants Assoc | | x |
| Evans, Frank | Comverge | | x |
| Foster, Rebecca | VEIC | x | |
| Gennello, Joe | Honeywell | x | |
| Georgi, Anthony | Honeywell | x | |
| Guhl, Christine | Sierra Club, Beyond Coal Campain New Jersey | | x |
| Hambric, Steve | Opower | x | |
| Hazard, Caroline | SRA International Inc | | x |
| Holmes, Bill | SGJ | x | |
| Hurlburt, Denise | SGJ | | x |
| Ingelido, Richard | ConEdison Solutions | | x |
| Kass, Lloyd | Willdan Energy Solutions | x | |
| Kliemish, Roger | TRC | x | |
| Lupse, Janja | CSG | x | |
| Markwood, Scott | O&R | | x |
| Marx, Rick | EAM Assoc. | | x |
| Mosser, Mona | BPU | x | |

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|------------------------|-----------------------------------------|---|---|
| Navarra, Joe | HVAC Consulting | | x |
| O'Brien, Nancy | EFS | | x |
| Ortiz, Yennaira | Honeywell | x | |
| Palmer, Bill | Kamson Corp | x | |
| Perracchio, Anne-Marie | NJNG | x | |
| Port, Darren | DCA | x | |
| Reisman, Ron | VEIC | | x |
| Ringhof, Susan | PSE&G | | x |
| Seelaus, Andrew | EMC2 Development Co | | x |
| Senski, Robert | South Jersey Energy Service Plus | | x |
| Shamlian, Karine | Clean Markets, LLC | x | |
| Sherako, Jill | Eastern Heating and Cooling Council | x | |
| Solomon, Randy | Sustainable Jersey | x | |
| Sparrow-Hood, Walt | PSE&G | | x |
| Stuwant, Patrick | Air Conditioning Contractors of America | x | |
| Takahashi, Kenji | Synapse -Energy | | x |
| Teng, Elizabeth | BPU | x | |
| Tobian, Carol | National Resource Management, Inc. | | x |
| Torsello, Lou | O'Neill Contracting | | x |
| Valora, Sam | SJG | x | |
| Vieira, Mario | New Millennium Lighting | x | |
| Wolk, Dave | Honeywell | x | |
| Wong, Doug | BC Express Inc | | x |
| Zanoni, Heather | The Stone House Group | | x |