Renewable Energy Committee Meeting

February 03, 2009

Maureen Quaid called the meeting to order at 9:30 a.m.

1. **Introductions**

2. **REIP Incentive Design Issues**

   - **Incentive eligibility if project constructed before approval** – Maureen Quaid clarified original board order which stipulates that projects must be approved (must receive an approval letter) prior to construction, in order to be eligible for an incentive. Mike W. noted that in the EE program construction begins when you take possession of the equipment. It was noted the difficulty of implementing this for renewable energy since in many instances equipment for projects are not easily tracked to a particular invoice. Mike W. also stated that SREC eligibility begins upon interconnection. Mike Strizki stated his concerns with making projects ineligible for an incentive if project construction begins before an approval. Mike W. stated the purpose of the discussion was to obtain stakeholder input into the process however final determination would come from the board after attorney review. Mike Winka also clarified that we must make funds available when a budget available and therefore we are looking for an enforceable date. The Market Manager (MM) team stated issues that have evolved from getting calls asking for a program inspection from customers that are in the program. The only response the Market Manager has been able to provide to these customers is that we cannot be held responsible for giving you a rebate if you never applied into the project.

     The Market Manager is proposing to have a solution in place with the second funding cycle. (~90 days) In order the meet this timeframe, the MM is asking for feedback. Lyle Rawlings proposed using the date of UCC inspection. Mike Ambrosio expressed his concern that whatever date is utilized for completion the customer needs to know upfront, to prevent issues around approval letters previously issued. Pam Frank suggested that punitive language be added for installers promulgate this behavior. David Weissman suggested that we require contract language in all installer contracts that mandate that the installer be held liable if the customer does not get the incentive due to an early start. The Market Manager team suggested that we add another paragraph to the 10 Year Certification to address this. MM will revise the 10 Year Certification to address this issue.

   - **Incentives for fuel fells** – (Renewably fueled fuel cells) The Market Manager team suggested that we do not need a separate incentive for renewably fueled fuel cells it seems to be redundant. Larry Barth suggested that we do not need to carve it out as a separate distinct prime mover since upon receiving a positive sustainability determination it is eligible for the same incentives as a Biopower project. If the fuel cell is being used as a storage technology, the question becomes whether the NJBPU wishes to incent energy storage? Mike Strizki clarified the use of fuel cells in his project was for energy storage. Mr. Strizki went on to say that he views fuel cells similar to geothermal projects where energy is stored to be used when needed and therefore should be incented like geothermal projects. It also has ancillary benefits such as load shedding, demand side management and back feeding the energy grid. It was agreed that the Market Manager should create a differentiated incentive structure for fuel cells to be reviewed in a future RE Meeting. It was also agreed that the Market Manager should also develop a structure for renewable energy storage which would be circulated for stakeholder input. The timeline for adoption of the energy storage structure would not be implemented prior to 2010.

- **Incentive caps for residential single technology systems –** The lifetime residential cap is 10 kW. Clarification was requested for a sample 15 kW system. Would this be eligible for a 10 kW incentive or would it be ineligible for any rebate. A discussion ensued. Vincent O"Grady stated he realized the objective was to balance available funding for systems vs. installing the most renewable energy. He believes that we should be incenting the homeowner to install the most renewable energy. Mike Ambrosio stated that while the rebate and the SREC are both customer subsidies there is a significant difference. The more SRECs created actually lowers the spot SREC price, which is a benefit to the ratepayer. Mike Ambrosio also highlighted the administrative issues surrounding limiting SREC production. David Hill stated he believed that the equity issues are resolved with the incentive program and that all should participate fully in the SREC market. Scott H. the interaction with the rebate program and the SREC program and the utility programs. GS We should incent who ever can afford to do this.

- **Incentives for residential hybrid systems –** The Market Manager stated that in the guidebook residential hybrid systems incentives are capped at $51,200 for any combination of technologies coupled with wind energy. For all other combinations of technologies, residential incentives are capped at 10 kW. These caps will be finalized when the board finalizes an upcoming Board Order. The Board Order will also grandfather projects which are already underway.

- **Incentive caps for non-residential projects (Entity/Project/Annual) -** At the entity cap level there is a $2.5 and $5.0M cap. In light of budget and rebate reductions the MM is proposing to reduce the entity cap to $1.0M and the commercial accordingly. This is a lifetime cap for rebate incentives. The lifetime cap is for a particular project at a particular site. To prevent gaming of the system the MM is proposing to place a 12 month cap at a particular site. For a project which crosses the 50 kW threshold a hold would placed. It was clarified that the 12 month cap would be based upon the date of interconnection. It was suggested that the MM issue a forfeiture of incentive if a project exceeded the limit, i.e. the system owner would be required to repay the rebate. It was also suggested that we do not commission the system until the monies rebated are refunded. It was also stated that residential projects are subject to entity cap.

- **Biomass CHP incentives (through Pay for Performance) –** Fell between EE and RE Program Honeywell and TRC will work together to develop a proposal to address CHP. The proposal developed will be managed through TRC through the Pay for Performance Program. The developed proposal will be presented at a future REC meeting.

- **NJ-manufactured equipment incentive adder –** The NJ Equipment incentive will be added to the program plan. The MM team solicited feedback regarding what should qualify as NJ equipment, a discussion ensued. EPV believes that a strategic procures should be incented to be NJ manufactured. EPV is proposing an enhanced SREC generation process in which SRECs produced from locally manufactured systems would require only 850 kWh of production to be granted an SREC. EPV believes this should be implemented through the SREC program and not through incentive design. This is because large projects would drive the market and they would not be eligible for any rebate. David Hill questioned what qualifications would define NJ Manufactured systems other than the percent of system cost? The MM reiterated its openness to ideas on the subject. Mike Winka's desire is for an adder which can be implemented for something feasible now. Others noted that current drafted legislation in the assembly would require NJ State to only use NJ Manufacturers. Others clarified that the legislation only tells agencies that it needs to give preference to NJ manufacturers; it is not exactly a mandate. The OCE asked what have other states done on this matter? The MM will examine other states when developing a proposal. Mike A stated that if the MM is to develop a proposal it should be done consistently with EDA programs. Right now it is just RE systems may address inverters, racking, and modules. May be a sliding scale. For the record EPV stated that 25 MWs of solar modules were produced in NJ this year.

- **How are Not-for-Profits treated if they do not have opportunity to capitalize on tax credits.** The OCE stated that the program was designed to first capitalize on Federal dollars and that these instances would not qualify the system for residential rebate level. The installer community stated that there were numerous projects that wished to own their system and the incentive structure was preventing them from receiving a higher rebate. Pam Frank volunteered to assemble a proposal to address this issue. It was also stated as part of this conversation that the law was passed which allows schools to enter into 15 PPAs.

- **Grid supply solicitation to come out on Feb 24th**

3. **Residential System Metering Requirements –** Under the current rules the MM is allowing small systems to use estimated production. It was stated that in the future all systems will be metered regardless of size. The installer community felt it was onerous to have all new systems to be metered? Mike Winka stated that this is part of the SREC program and now may be the right time to move to 100% metered systems. The discussion followed regarding how the data was reported. How does the homeowner report the information? Human error if self reported. Will there be a cost-benefit to analysis this system. How is calibrating the system. It was pointed out that the utility programs all require this additional meter. It could be set up as a once a year program. Mike A

suggested a simpler method, metered systems would receive 100% of output will unmetered systems would only receive 95% of output (a de-rate factor). Scott Hunter noted the discrepancy in outputs from PV WATTS and the KEMA study. It was recognized that PVWATTS does not take into account for system down time, shading, etc. This will be required to be addressed in rulemaking. It was also questioned whether the program could apply pressure to the inverter manufacturers for incorporating the meter. The MM manager will respond with a proposal.

4. **SREC Ownership & Dispute Resolution –** Mike Ambrosio presented two dispute issues on SRECs. The issues revolved around transfer of ownership through sale, divorce, etc. A policy will evolve from this and be incorporated into the guidebook. It was proposed to incorporate into the process a designation of the facility owner or assigned by the facility owner as designee for SRECs. The MM would recognize this designee unless they themselves designated another or if there was a court order which designated other. If assigned to aggregator or broker it would remain with as determined by contract until the dispute resolved. David Weissman highlighted that according to his attorney a new homeowner cannot be bound to old contract with the old homer unless it is recorded on the deed. The fundamental question to be resolved by the courts is whether the renewable energy system is personal property or real property. If it is an appurtenance to the structure it can be viewed as personal property. If it is personal property, and not real property, it can be assigned to another. It was questioned whether the suggested language can achieve a solution or is it a matter of contractual law. Lyle Rawlings requested greater clarity around definition of the owner of a facility. He noted that facility owner and SREC owner are listed separately in CPM. He questioned whether there additional tax implications? Mike Ambrosio will continue to solicit additional comments from his proposal. The MM will examine the LBL Study and IREC study to provide any further clarification.

5. **Clean Power Choice Update –** Julie W. reviewed the 2008- 2009 CPC Program. Julie introduced herself as the 2009 Program Contact. Julie stated that the 2008 REC Verification Report is complete. Julie stated that the 2009 Spring Campaign is underway. She is presently working on a bill insert and is on schedule for an April release. Julie stated that training is scheduled with community partners for March 25th. Julie also noted that Customer Account Lookup was authorized to increase enrollment. This should spur an uptick in enrollment. In response to a question Maureen Quaid stated that CPC has one offering which is 1% NJ Solar.

6. **GATS Transition Update (training/stakeholder meeting) -** BTM transition. Steve Wiese provided an update. At last RE meeting it was mentioned that stakeholder webinars to be scheduled for February to inform people of the process of how the transition will work. These webinars are an opportunity to gather information and to provide some feedback. There also will be other trainings offered – this information is available ion the GATS website. More online training modules will also be available on the GATS website. The MM will insure that GATS training is offered in both North and South Jersey. Key contacts were also provided. David Weissman questioned whether there was more thought given about escrow accounts. Steve Weise stated that we are in conversation with GATS on this issue. David Weissman was requested to put together a written proposal together to verbalize the escrow issue.

7. **Waste to Energy in RPS –** The energy master plan talks about restructuring the RPS for Class 1 and Class 2 Renewables. There probably will be a rule proposal coming in future months regarding restructuring the RPS. At that time stakeholder input will be solicited. James Pfieffer may provide comments at that time or he may submit a proposal for future RE Meeting discussion.

8. **Schedule March Meeting – March 10th at 1:00 to 4:00 PM**

Renewable Energy Committee Meeting - Attendees
Tuesday, February 03, 2009
9:30am - 12:00pm

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