



Renewable Energy Committee Meeting

April 9, 2013

BPU 1st Floor Meeting Room - Trenton, NJ

1:00 pm to 3:30 pm

Call-in number: 1-866-740-1260 -- Meeting ID: 2183408#

Agenda

I. OCE Updates (S. Hunter)

a. Regulatory / Legislation Update – From March 20th Agenda

1. Aggregated New metering rule special adoption

- This rule is effective upon submittal to the Office of Administrative Law. The law required that we develop rules within 270 days of the effective date of the Legislation. That courtesy copy of the rule proposal adoption was circulated to the RE Listserv on April 3rd.

2. Onsite Generation adoption

- This followed the full Rulemaking process. The proposal was made in August, Public comments were due in October, and the Board adopted the recommendation at the March 20th agenda meeting. The rule will be effective when it's published in the NJ Register. Both rules are scheduled to be published in the NJ Register on April 17th.

b. Board Orders and Proceedings

1. The board orders from the March 20th agenda meeting were circulated on March 22nd by e-mail. The Clean Energy items were all related to the Solar Act. We discussed the Board's consideration of whether projects that are greater than 3 MW that are net metered are required by the Solar Act to receive an additional incentive. We began this proceeding in the October 2012 board agenda meeting and took comments on it in the November public comment period. The Board found that there was not a need for an additional incentive for projects that are net metered and greater than 3 MW, based upon the inflation activity that this market has seen since we raised the net metering cap from 2MW to historic energy consumption.
2. We also distributed some energy related items, primarily the extension of the EDC Solar Finance Programs. Those will come out with the May 22nd order.

c. Process for Developing FY14 Programs and budgets (Betsy Ackerman, BPU)

1. FY12-FY17 Funding Levels; Staff's Comprehensive Resource Analysis (CRA) Straw Proposal

- Goals of the CRA: The CRA is as much a planning document as it is a funding document. However, without a program administrator in place, they are unable to develop a strategic plan. It is that strategic plan that will be needed to help guide a transition in the EE programs to what the renewable programs have already done, which is make them more market based programs.
- Currently, using the delay to perform additional evaluations on existing programs to understand how they are running and how they can be ran better. The goals of the Energy Master Plan (EMP) were used for strategic planning as well as stakeholder input during the CRA proceedings.
- CRA Highlights:
 - a. Reorganized the categories within funding levels are offered. EE and RE are familiar and recognizable; one thing they've done is pulled out CHP as a separate category for funding. The reason for this is we believe the role of CHP as an important role to play in storm response and distributed generation in order to make the grid more reliable, and in general as well.
 - b. Another piece being given more attention is Administration. There is a slightly higher admin budget than what you have seen in recent years. This was intentional due to two primary reasons. One is that we have pulled the Sustainable Jersey grant out of EE and put it into administration because we believe in the EMP's goal of outreach and education to motivate behavioral change. We also believe this is an opportunity to review our program evaluation work plan and use this time to look at what programs are running most cost effectively and what we could do better.
 - c. They also want to take a closer look at the utility EE and RE programs. We believe we can work more collaboratively with the utility programs and reduce customer confusion and overlap. Competition can be reduced as well as reduce some admin costs associated with those programs, and we think it will be a way to safeguard the SBC programs.
 - d. Another goal for this four year CRA of overtime at the right pace and as a result of the evaluation to transition our program to market based programs that are funded in alternative ways. We will look at the successes of the RE program and see where there are valuable lessons that we may be able to apply to our EE program. One area we think we have lacked is in applying metrics, including most importantly, job creation.

2. Staff Straw FY14 Budget (S. Hunter, C. Garrison)

- To inform the CRA, we typically use data from historic experience, as well as market potential studies. We now have new markets to

incorporate from the Solar Act. What we have proposed in the CRA straw are the plans for the funding level for the next four years.

- Staff recommends funding for several activities that will support the continued development of renewable energy systems in NJ, including:
 - a. Administrative support for the SREC market
 - b. Incentives for biomass facilities
 - c. Incentives for large wind systems
 - d. Evaluation for large wind systems
 - e. Evaluation of off-shore wind systems, and energy storage
 - f. Incentives for hydro-kinetic systems
- **CRA Schedule/Budget Schedule:**
 - a. April 23: Public Hearing on the Funding Levels
 - b. April 26: Close of Public comment period and proposed funding levels go to the board for the May agenda
 - c. Staff has begun to take the funding levels and break them into program budget. May 23rd is a Public Hearing on budgeting, with a close of comment period on May 24th. The goal is to take those proposals to the June 19th agenda meeting for Board approval.
- Proposed RE FY14 Funding Level:

Technology	Proposed Funding Level	4 Year Total: Low-Range	4 Year Total: High Range	Proposed FY14 Funding Level
Solar	\$2 to \$3 million per year	\$8 million	\$12 million	\$2,500,000
Biomass	\$2 to \$3 million per year	\$8 million	\$12 million	\$2,500,000
On-shore Wind	\$5 to \$10 million over 4 years	\$5 million	\$10 million	
Energy Storage	\$5 to \$10 million over 4 years	\$5 million	\$10 million	\$2,500,000
Hydrokinetics	\$2 to \$3 million per year	\$8 million	\$12 million	
Total				\$7,500,000

d. Discussion of NJCEP Program Administrator RFP/Transition Status

1. There were 2 protests filed that are currently in the process of being reviewed by the BPU. The BPU initiated a formal contract extension with Honeywell, TRC and AEG for a period of up to 12 months, to bring them through the end of fiscal year 2014. It is hoped to have the contract awarded before then and have the program administrator in place.

II. Discussion of the Solar Act (S. Hunter, C. Garrison)

a. Status of proceedings; q., r., s., e (4), w

1. Item e (4) is aggregated net metering, and w was the consideration of the projects that were greater than 3 MW for an additional incentive. Regarding q

and s, staff is still on track to meeting the April 29th paperwork requirements for submitting a recommendation to the Board. These are for the projects we received applications for under s, and for process of accepting applications under subsection q. Subsection q starts on June 1st, 2013 (EY14). We recognize the imperative for having an application process ready for potential applicants use as soon as possible. That is why we're recommending to the Board that both s and q be addressed at the April agenda meeting. Subsection r does not begin until June 1st, 2016, so we do not expect as much movement on that in the coming Board meetings.

b. Update on Subsection t.; Application, Certification Program & Incentives

1. The application should be distributed today. The Board approved a certification program at the January agenda meeting, for which the Board Order was circulated on January 23rd. The Board directed staff to develop an application with the DEP. We have an application in final form, with the last reviewer. This is for projects seeking approval under subsection t, which are projects that are on landfills, brown fields, or areas of historic fill areas.

c. Investigating Approaches to Mitigate Solar Volatility

1. Introduction (S. Hunter)

- This has begun with the October proceedings of all of the elements of the Solar Act. We did not take Public Comment on this issue in November, but we did present a very similar presentation that Charlie has today. Very early on in our request for comments to define what solar volatility is, SEIA presented some questions, and we have gotten responses. My plan at the last meeting was to summarize those comments and begin to move on to solutions toward developing this record to a scope of work towards evaluation contractors towards hiring someone to do that investigation to complete that report. Then, a request was made from the NJ Solar Grid Supply Association and MSEIA to present an analysis of solar volatility. We wanted to address this before we move on to solutions. Charlie has updated his presentation and MSEIA and NJ Solar Grid Supply will also present their analysis.

2. Presentation by C. Garrison

- The installed solar capacity as of 3/31/13 is approximately 1,026 MW. The preliminary solar capacity project pipeline as of 3/31/13 is approximately 702 MW. The projected quantity of installed solar projects as of 3/31/13 is 20,887 with 1,026,192.5 kW of total capacity. This will be updated twice a month in addition to the monthly report.
- Quarterly reports of "NJCEP Solar Installed Projects Plus Pipeline Projects" was agreed to be helpful to be on the website.
- NJCEP Solar Installed Capacity forecast through the end of 2013, high and low forecasts are similar due to reliable data on past and current trends.
- By the end of EY 2016, the NJCEP Solar Generation Forecast the percentage of the RPS Requirement we will have fulfilled ranges from 102% to 141.2%.

- Projected to have over 1 million SREC trades by the end of this Energy Year.

3. Analysis by MSEIA

- Presentation was circulated to RE Listserv on behalf of Charlie Garrison on 4/8/13
- Presented 2 scenarios of Supply and Demand, and designed for user input of all important assumptions.
- Scenario “A”: If solar development for each year is held to the rate that keeps RPS demand and supply in balance from 2016
 - a. Conclusion: In order for SREC supply and demand to be in balance, extreme swings in solar development are necessary: high solar development volatility
- Scenario “B”: If the solar development rate is held to a smooth curve year to year.
 - a. Conclusion: If scenario can be seen as the reverse of scenario “A”; if solar development is not highly volatile, then the SREC market swings between undersupply and oversupply: High Market volatility
- Interpretation: The current market structure inherently produces volatility.

4. Analysis by NJ Solar Grid Supply Association (SGSA)

- Presentation was circulated to RE Listserv on behalf of Charlie Garrison on 4/8/13
- Analysis of the NJ Solar Project Pipeline- Observations:
 - a. Pipeline forecasts should provide increased transparency to industry stakeholders so they can make informed decisions.
 - b. The Solar Act of 2012 contained three separate and distinct subsections designed to discourage grid projects on farmland by essentially phasing them out over a three year period through eligibility criteria.
 - c. There is a known and finite amount of farmland grid projects that can ever participate in the NJ solar program.
 - d. Grid projects have a low probability of success; market forces determine economic viability and the approval to *qualify* for SREC generation does NOT mean that such projects will ever be built.

5. Discussion of comments & next steps

- Scott Hunter asked NJ SGSA to send its data once ready to Charlie so it can be discussed in the May meeting how it can be incorporated into the forecasts.

III. Program Updates (T. Gray)

a. Operations Update

1. Received 568 SRP Registrations in March
 - Approved 586 Non-Residential projects (23 MW)
 - Approved 60 Residential projects
2. Received 798 Final As-Built Paperwork packages in March

- Completed 47 Non-Residential projects (2.7 MW)
- 326 Residential projects (2.7 MW)

IV. Update on Interconnection Issues (J. Teague)

- a. Preparing to have another Net Metering/Interconnection stakeholder meeting. It should be scheduled for mid to late May.
- b. Staff is working on comments for reviewing the small generation interconnection agreement and the procedures.
- c. Working with PEPCO Holdings/ACE on a project focused on reliability of distribution and transmission system improvement
- d. Working with PSE&G on the updates for the public service manual, which is reviewing the reverse power relay process.
- e. Still inundated with 3rd party supplier issues, EDI did not meet this month to discuss those issues as they are waiting for comments.

V. RPS issues (R. Jackson)

- a. 2012 RPS Compliance Update
 1. Updated the errors from charts during last REC meeting presentation for EY reporting year 2010. In EY 2011 and 2012, because of the Solar Act of 2010 and the way the solar requirements were calculated, BGS suppliers who had contracts when the law was signed on 1/17/10 had exempt loads. Their solar load was based on the percentage at that time that was in the law, and everyone else had a gigawatt hour requirement. That is why you see slight differences. In EY 2013 (this year) there will be no exempt years, it will be all a percentage of the total sale.
- b. Implementation of metering documentation requirement for accounts with meters with indexes or multipliers
 1. Metering requirements can be found on the Clean Energy website through the following link: <http://www.njcleanenergy.com/renewable-energy/programs/metering-requirements>

VI. Other Topics / New Business

- a. The next RE Committee meeting is May 14th, 2013 in Trenton

Renewable Energy Committee Meeting

Attendees

Tuesday, April 9, 2013
Board of Public Utilities

1:00pm - 3:30pm

Initial	Name	Company	Phone	E-mail
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