

Renewable Energy Committee Meeting

October 26, 2010

1:00 to 3:30

Introductions

2011 Draft Budget and Transition (Mike Ambrosio)

A public hearing notice was sent out to discuss the transition of NJCEP during a Nov. 4th hearing in Trenton. The purpose of this public meeting is to hear comments on budget, and to start discussion on transition. For example, what should the program look like and who should the administrator be, etc.

Comment period on the budget goes through Nov. 12th. Comment period on transition goes to Nov. 26th. Comments on the budget will help the board put together a straw proposal, then go to public comment, then recommend the budget to the board for approval in December. The Energy Master Plan will be available around the end of December. This is all with understanding that 2011 may change

Q: You talked about a transition document, when will that be available?

Mike W: It will be sent to the list serv and posted on the website within a few days.

Q: The budget that will be discussed on November 4th, when will we receive that documentation?

Mike Ambrosio: That document is the one we will be talking about today. There is a PowerPoint presentation by the Market Managers.

2011 Compliance Filing schedule and Regulatory Updates (Mike Winka)

Mike Winka discussed an update on the filings: NJ Natural Gas on E3 side was approved. PSE&G, South Jersey Gas and Rockland Electric are considering filing E3. On solar side, PSE&G is in pre-filing mode for solar4all, working on 30 day meeting to be set. EDC Solar financing programs are in preliminary discussions. There will be a public meeting set to discuss this.

Mike W: Solar Act that was signed into law in Jan 2010 became effective July 2010; the energy year closed in May 2010 there was a clause that something had to go back to the ratepayers. Due to language, those dollars were collected but will go back to the rate payers next week.

Mike Ambrosio discussed that in previous meetings we did discuss new program concepts. Staff has made recommendations for next year. 2011 program plans are focusing on ways to streamline and lower admin costs. The Market manager will go over that during this meeting. As of yesterday both Honeywell and TRC submitted a Compliance Filing. OCE 2011 budget and programs include programs to be managed by

EDA and another by Sustainable Jersey. Once again the public hearing for the budget and transition is Nov 4th, with comments due Nov 12 and final compliance filing to go to Dec 4th board meeting for recommendation.

Mike Ambrosio reviewed that the 2008 board issued order to set funding levels 08-12. Total was 319.5m. State fiscal year budget appropriated 77 M. High level is 77 m for ENi, Residential EE 63.35m, low income 24 m, grant programs 30m, Total EE 194 M. RE- 5M, OCE oversight 5m EDA 38 M (grid solicitation too)

These budgets are available on the website.

Update on CORE projects and carryover in 2011

Scott: Will it be safe to say that CORE projects will be done by next year?

Mike Ambrosio said that there are still quite a few projects with 2nd extensions that will be carried over.

Mike Ambrosio also said that \$39 million REIP Budget will be carried over in 2011

EE 88 mil (Honeywell) 24 million (c, partners) 150 m – TRC
RE 73 mil – 60 is HW, staff for wind CST Grant – 13

How much exists for SBC

MA: on a year by year basis we carry over everything. We estimate 199m carry over 170 will be committed already. 285k for new commitments and other programs.

2011 Draft program plans:

Summary of program changes for 2011 – Presentation 1 - (Charlie Garrison)

Charlie Garrison reviewed a PowerPoint presentation in which he discussed the growth of the solar market since 2008 and compared the 2010 budget with the proposed 2011 budget. Charlie also discussed the 2011 programs and stressed the following:

- 2011 will have an increased Emphasis on SREC Registration Program
 - It will also include EDC Solar Financing Incentive (ESFI) for those projects which participate in the EDC SREC-Based Financing Program (JCPL, ACE, RECO). Allocate \$3.8 Million in incentives paid to those that provide documentation that they have participated in these programs.
- 2011 REIP will on include customer sited wind and biopower projects - \$5.0 Million has been allocated
 - No upfront rebates for solar projects
- 2011 NJ REMI
 - Allocate \$1.0 Million
 - Maintain project eligibility and incentive levels as contained in 2010 Plan - (subject to modification) – no rebate allocated upfront, just paid at end once

proof has been demonstrated that the customer has purchased the qualified product.

Q. We should start reporting capacity in MW hrs as the RPS Filing is asking for GW hrs.
Mike W: We need to project these projects out through the end of the year.

Q. So just to verify is REMI included in that budget?

A: Charlie G- yes, 9.8 million Available for new commitments – 5 (wind) 3.8 (solar) 1 (REMI). EDC Solar Funding Incentive (ESFI) is now part of SRP and is treated as an incentive allocated and paid upon proof of participation not an upfront allocated rebate.

Q. Why are we only providing \$1 mil for REMI?

Mike W. The demand has not been very high. If that changes in the future we might take another look, but this year this is the appropriate amount.

ESFI

Mike A questioned the need to have the projects installed before 12/31/11 before knowing if they will get the incentive.

Charlie and Mike A discussed that maybe we should make it open to anyone with an SREC Registration that has not been interconnected. That would include past auction participants.

We will need something from the EDC's to prove they are in the SREC Financing program. It doesn't necessarily have to be a contract just some type of commitment letter.

Mike A- We may be looking at February auction only. There projects have to be done by the end of the year, plus it takes so long to get a signed contract.

Mike A- We may want to consider making the SREC only expiration dates longer?
Charlie G said or automatically giving extensions for the EDC projects

Comment: This could be a risk to the program, participating in a later solicitation could affect receiving the funding. Funding could be used up at any time. We need to make that clear to the industry.

Mike A - EDC SREC Solicitation program ends in 2011, but the applicants do have a year to build so the projects could go into 2012. We will make changes to the compliance filing to address all of these concerns.

Q: Will there be drop down boxes, and other things to make it accurate, and some fields that are mandatory or not?

A. Charlie G. - yes and there will also be training

Q. Will this affect the trade ally program? – reducing inspections

A: Charlie G – Oh you mean the QA program? Yes it will tie into that, if you're a QA installer, you'll see some of the EDC financing projects participate in the QA process and there will not be a program inspection. This will put most of the processing time in the hands of the installer. There will be mechanisms that show how many projects you have in the system and how many need action.

Q: So, the \$.50 watt incentive is only available if you're doing financing?

A: Charlie G- Yes, only available if you participate in the EDC SREC financing programs

Q. So that does not include PSE&G? This is not available for the PSE&G solar loan program?

A: Charlie G: Correct

Comment: The economics of the PSE&G solar loan program did include rebates.

Q. For new construction SRP- is it required to be in Smart Growth or not?

Mike W- Still working on that.

Application processing changes for 2011 – Presentation #2 (L. Barth)

Larry Barth reviewed a PowerPoint presentation that discussed the processing changes in 2011 in order to reduce administrative costs. Larry B shared that all solar projects will submit SRP Applications only. There will be reduced requirements on paperwork submitted at registration and there will only be one final AS Built/Final paperwork that will be submitted once you have completed everything associated with the project. Program inspection or review will be last in the process.

Q: So even though you put on Technical Worksheet that you are putting in for Solicitation, you don't know yet. So how do you verify on the end.

A: Larry B: We would require with the final as built/final paperwork a copy of the EDC financing contract or a note from the utility or NERA that the project will be participating.

Q. What if I install a less than 10kw that is in PSEG territory? I thought I did not need to have a meter installed?

A: Charlie G. - All systems will need a meter in 2011

Q. Why don't you need a copy of interconnection?

A. We are asking for a final interconnection document that has the interconnection date on it so that we can pass the correct interconnection date to the PJM GATS system.

Q. Why do you need copy of PV WATTS?

A. GATS still uses that to make sure they aren't overproducing what they said they would be using.

Charlie G. - Also, we are still reviewing paperwork for inspected projects and waived projects.

Q. Has there been some manner of PSEG of verification of the interconnection

A: Tammy Gray- Yes we have reached out to them and we have scheduled meetings we'll be figuring that out.

Q: Do you need to have actual production under 10kw for SRP

A: Mike W. The RPS currently gives solar projects less than 10kw the option to use metered or engineered. However to support the ability to have all systems metered, we have proposed language to go through the rule making system. Temporarily yes you can but we are strongly recommending that you install meters for your customers. .

Q. - Will these retroactively need to be changed?

A: Scott H. - yes there is a phase program for retroactively doing this

Q: - whose responsibilities will this be? The owner? The contractor

A: Mike W- the owner of the system

Q. So now it is 100% up to the utility to verify system size against consumption and to determine interconnection. Is there a criterion on how to determine interconnection?

A. Larry B- It's the same as it always been. I was just saying if you oversize your system they can deny it. We're just saying that they will be determining this not the market managers any more. If you get an SRP acceptance that does not guarantee that you will be approved for interconnection.

Q: How does this fit in with the rule making the BPU was working on that had significant front end use. Is there going to be a 2010/2011 conversion of each project? Will you keep 5 year warranty? Net metering is now done by EDC right? There's no box to say you'll be self reporting.

A: MW: I don't think you can scratch out that form that you are self reporting over 10kw.

A: Scott H- we have checks and balances. They have meter readings that are fairly accurate.

As for SRP extensions: Scott H said that they need to have some type of expiration for visibility of the project into the pipeline. Right now if anyone asks for an extension in the SRP program we just extend them, there is no expiration for SRP projects.

REIP Funding Cycle 3 Update – Presentation #3 (L. Barth)

Larry Barth stated that we still have funding available in FC3 but we are reaching the end. If we receive about 12 applications per day, there will be another 2 - 3 weeks or so. Get applications in soon.

This year there has been explosive volume in SRP, We have received close to 400 a month.

Next meeting is Monday Nov 15th. Location TBD. Meeting ended at 3:40.