

CHP-FC Work Group Minutes
Storm Response Long Range Plan
Tuesday, February 26th 2013
1:00 PM – 3:00PM
2W Conference Room
NJBPU 44 South Clinton Ave., Trenton, NJ

Review of Meeting Notes form January:

- Mike Winka – All the gas companies submitted their tariffs.
- Question form the group – Can the tariffs be standardized?
 - The answer was no. Reason being, there is an individual cost structure for every utility. They can make recommendations how each gas company can improve the issue.
 - We have standardized interconnection rules, but not for CHPs, except that they are in the tariffs. If the CHP group wants they can have Mike W issue a rule making. If the group feels it is important they will create a rule.
 - Can they get cost and time prediction in terms of interconnection, they don't necessarily want them to spend money on setting a rule. That can be done by reaffirming that they are in the tariffs.
 - Steve Goldberg - Need to recognize importance of issues, like interconnection standardize rates, portfolio standards. That will go into a mix that will determine whether these co-gens are going to be economic or not and if you look at utility tariffs they are going to be different. We need to figure out at a future meeting how much emphasis should be put on this.

Current 2014-2017 Funding Level and 2014 budget process:

- Draft CRA – It will probably get to the board agenda in May and that will set the funding level for the next 4 years. Funding level have to get approved before the board can approve it, the budget will end in June. December agenda is when the board approves the budget. The board in 2012 and 2013 extended the funding level for an additional 6 months. Funding level will look somewhat similar to what it looked like last year.
- Last year we had about 77 megawatts. 17 million was put towards small CHP and 11 million was put toward large CHP, this is not counting renewables. About 3 megawatts was in renewables when it was looked at last.
- Energy Master Plan – looked at a goal of 1500 megawatts which they are still on target to reach in 2020. About 200 megawatts per year is needed to reach the goal. The funding level was 55 million for large CHP and reduced to 36 million to include uptake, 20 million was set for small CHP and it is now sitting at 17 million.
- Anne Marie – Question in reference to the importance of certainty to the market. Mid-March we should see release of the straw, with in that straw will the BPU provide any guidance to where the budget will be set? Is there any way within the C&I piece that you can put a place holder of what your working assumption will be, this way that will show that the state is serious and is putting importance on this.
 - Mike W – There will be a section on small CHP and EDA for large CHP. Those numbers will be in the annual budget. A stake in the ground doesn't hold anyone to it.

Planning for NJCEP Budget for 2013 for CHP/FC:

- Question– Why was 5.5 million removed from the CHP budget?
 - Funds get moved around based on where it is needed. The money wasn't being used in the CHP program therefore they moved money to other programs that were flourishing. At the end of the day they want to spend the money not let it sit. If the money is getting spent in the CHP program they will leave it but other areas were seeing a fluctuation and needed additional funds.
 - Comment from Gearoid – Here we go again when the money was moved. We need to have some consistency in the commitment. The way the leftover budget is presenting itself, there is not enough money left to get more than a couple projects. So what do they do tell people we don't have the funds to work with on the project?
 - Mike W. – If they can show that they are real projects they will shift money around to accommodate these project. But they have to bring the projects in which isn't what is happening right now.
 - If the choice was to shut down other programs or move money around they would rather move the money to the programs that are spending or exceeding the budgets.
- Mike W – Mentioned in the last meeting and again that he wanted a general idea of what was in the pipeline to help them determine the budget. He is not looking for all the project details but a general pipeline to help. They need some firm numbers around the budget so they can present to the board why they are requesting what they are requesting.
- Steven Goldberg – What does Mike mean when he says in the pipeline?
- Mike W. - Have they done a feasible study, spoke with the CEO about doing it, etc? It is more than just having a conversation at the local coffee shop. There has to be a sense of reality.

Current open solicitation discussion for any revisions:

- Sandy Z. from EDA – Sandy manages the BPU large scale project. Currently there is 1 Solicitation in for 3 million.
- This year they opened up new Rolling solicitation vs the competitive bid process from last year on Jan.17th. This time there is no deadline. So far they have completed 1 technical application. This is a 2 part process, first a technical process/review then they need to complete and online application next. Sandy is aware of about a handful more that should be coming over the next few weeks. Currently there is 22 million left in the budget. If money is left over, that will go into the discussion for the next year's budget. After technical review/submittal is completed the dollars are committed.
- Normally a CHP review new application takes 3-4 months. That timeframe starts when the application hits the door. Includes a pre-inspection, application review and then gets submitted to the board for approval. The board then may take about a month for review.
- Sine this is an open solicitation, if anyone finds anything that needs to be changed in the solicitation please let them know. Their goal is to be ready July 1st.
- NJEDA.com or through BPU – submit application directly to EDA for review.

Discussion of Interconnection and Gas Delivery rates:

- Mike W. will circulate the tariffs that were submitted by the utility companies. They will get the tariffs for small generators and see what can be done to have that more formalized and final. All of the utility's tariffs are also located on the websites.

Status of other states storm response CHP/FC programs:

- There was an order out on Irene, EPP order, directing the response. Sandy came in before they finished finalizing the EPP review. Some of the conditions in the EPP were expanded to address the issues cause by Sandy. They were asked by the board to look at CHP to help develop policy position. The board has not taken a stance on this yet. There are currently a number of bills out there already. They have reached out to Clean Energy States alliance to look at a number of issues that other states are dealing with storm response. This way they do not have to try and reinvent the wheel. Will let them know in terms of putting together a storm response CHP program.

Update on Standby charge proceeding, No Stakeholder meeting scheduled:

- No update on Standby Charges. Alice was trying to rush for early March but it doesn't look like it will happen. She is doing a formal proceeding on standby rates.
- She is supposed to hold a Stakeholder meeting for informal comments, gather input from utilities and the informal comments from stakeholders and put together a response to present to the board.
- They will defiantly have a CHP Master Plan because of energy master plan.

Discussion on status of CBA – request for inputs:

- Frank Felder is currently working on putting everything together. He had a request out for inputs form the group. He received a lot of information from folks and is working on putting it all together.
- He will present at the next meeting.

Next step in CHP/FC Financing Portfolio Standard draft concept and P3:

- There is a host of bills that are out there with back-up generation for facilities to utilize back-up generators. Currently there are about 2 dozen bills that are pushing for different requirements for back-up generators being installed in certain locations.
- This is where Mike W. thinks that CHP can shape some of the load.
- Chivukula's Bill had portfolio standard that has been introduced by the committee.
- Mike put together a concept for the board since the board can do a portfolio standard if they want to. Mike W. took the liberty of throwing together some policy standards for the board. He asked the group for input on what that structure could possibly look like.
- It could be in two parts: Energy efficient on the electric side and then a have a separate gas standard. Authority goes to the electric utility and gas distribution standards. This could look somewhat similar to solar Class I and Class II. They need to possibly set a time frame to look at

the portfolio standards. Should they proceed with presenting this to the board or wait for a standard legislation to get developed? Mike would like to cut down the standard and not put so much technical aspects into it.

- They are not talking about black start on the PJM side. This would all be behind the meter, some sort of switch or quick switch capability. Do we require all gas stations to have back-up generators? And if that is the case who pays for it? Rate payers, taxes, utilities?
- Craig - Back-up generators are not meant for extended use over a long period of time. They possibly will get companies through a couple of days, not weeks or months.
- Board doesn't want to be the regulators of back-up generators. Simply because they may not work, they need to have maintenance and training on them. This could potentially be where CHP is better. The best way to approach is to match up facilities with the technology. Primary generation vs back up generation. We need to change the thinking and get away from back-up generation all together and move towards generation that is always on.
- CHP has great benefits but only has a few spots that it works really well. Distributed generations is something that legislation is looking for, they think what would work going forward have distributed generation. One idea could be to possibly have a sliding scale using heat. Some components may be addressed better by CHP and they do not benefit from back-up generation. Which takes them back to the idea of primary generation, not every piece of equipment is right for every building. There is technically no payback on back-up generation until it is in use and then it is measured on how long it is in use for during the outage, whereas primary generation will have payback immediately.
- These ideas will not get accomplished over night. If there is a standard out there that says there will be long term funds the utilities and companies could sell this with a bit more certainty. They also can't be too specific in a bill, the business model needs to be taken into consideration and the program should be addressed over time.
- The bill that Chivukula has is an alternate standard. The numbers in Chivukula's bill do not get you close to 1500 megawatts that is in the Energy Master Plan. The portfolio standard wouldn't be set like it is on the solar side. It would float based on demand.
- Murray - Explain how that floor price is being developed.
 - Based on supply and demand, (In Massachusetts) there is a period of time where they get to increase the RPS. If there is an increase in demand then that would float over to the next year. If there is not enough capacity they get to reduce that in the next year. Regulate RPS based in supply and demand. That is why you do not have huge swings. Some risk in the process, it is designed to shelter some of the swings in the over under market.
- Anne Marie – Curious why you need to make it in the gas and electric sides? That seems to add more layers of complication. The Energy Master Plan and discussion in here have always been around the electric side?
 - If you're selling more gas there needs to be some equity for some of the costs. If there is a more fair way to distribute the cost among the utilities without putting the entire burden on the electric side. Displacing the load on the electric side.
- What are the next steps on the last section – Mike W. will circulate for comments. This is the first step to get something on paper.