

**New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
Tuesday, March 9, 2010
Hosted by TRC-BPU, Newark**

Attendees:

Mike Ambrosio and Linda Wetzel (AEG); Mike Winka, Mona Mosser, and Ron Reisman (NJBPU); Kim Hoff, Don Swift, Dave Wolk, Tom Pecora, Mark MaGrann, Tori Williams, Julie deSeve, Maria Grazul, and Mary Jo Boyd (Honeywell Market Manager Team); Paul Madden (SJG); Ashley Miller, Joe Carlamere and Roger Kliemisch (TRC); John Donohue (Fuel Merchants-NJ); Dale Congo and Anna Koroteva (5th Street Renewable Energy); Arthur Pearson (E Cubed Company, LLC); Robert Bailey and Joshua Kace (Crunch Energy); Anne-Marie Peracchio (NJNG); Tony Pugliese (ETG); Deane Evans (NJIT); Farley Hunter (Novartis); Elaine Bryant and Walt Sparrow-Hood (PSE&G); Joe Navarra (BC Express); Siraj Shaikh (JCP&L); Chris Bitters (Energy Solve); Stephen Carter (Rutgers University); Kate Grossman (Greenwich Energy Solutions); Caroline Jerski (Shift into Green Energy); Gabe Nathanson (NJ HMFA)

Via Phone:

Diana DeAngelis (Atlantic City Electric); Jaci Trzaska (Rutgers); Marianne Graham (EPA Energy Star); Gary Chernowetz (Pro-Tech Energy Solutions); Darren Port (Dept of Community Affairs); Brian Fronapfel and Thomas Szarawarski (Eneractive Solutions); Fairlie Firari, John Malanga, Valentina Rozanova, Karen Paine and Diane Zukas (TRC); Fred Hauber (Eastern Energy Services); Brian Bovio (Bovio's Advanced Comfort & Energy Solutions);

Introductions

Program Coordinator and Regulatory Updates

(Presenters: Mike Winka, Mike Ambrosio and Mona Mosser)

1. Budget Cuts (Discussed first rather than last)

- a. Mike Ambrosio referred to the article in the paper about Governor Christie's team reserving \$158 million of the Trust Fund. He assured everyone that we are still accepting applications.
- b. The BPU will have a meeting on 3/17/10 to discuss a potential hearing for the following week. Staff is working on a draft straw proposal for adjustments to the budgets.
- c. Mike Winka stated that the OCE is still making commitments and going through with what has been promised.

2. Updates on Filings, Board Orders and Regulatory Items

- a. Mike Winka stated that there are no board orders or filing updates.
 - i. Anne-Marie Peracchio (NJNG) – On February 26th, NJNG held a 30 day pre-filing for a new RGGI filing. The official filing is expected to be made by the end of the month. Additionally, their November request to trigger a provision from their economic stimulus that would allow them to pay the Tier 2 and Tier 3 rebates for the Home Performance with Energy Star Program is still pending.

3. State Economic Stimulus Plans

4. Federal Stimulus Funding

5. ARRA Activities/Planning/Preparedness

- a. There was approval of the block grant and NEPA approval for the piece they're administering with TRC.
- b. HMFA is close to releasing applications for ARRA.
- c. Home Performance with ENERGY STAR is now accepting applications from non-IOU customers.
- d. A press release will be issued regarding the ARRA Appliance offer to be launched April 1.
- e. Ann-Marie Peracchio – reported 1,300 audits have been performed so far (primarily for WarmAdvantage). Customers receive a rebate after their Tier 1 performance audit. An additional 1,200 are about ready to be processed.
- f. Tony Pugliese (ETG) reported they have finalized 12 out of 60 applications received since January and there have been 20 submissions with commercial. They are about to go live with an energy audit tool on the ETG website.
- g. Paul Madden (SJG) – reported that they have reached agreement with that Direct Install and SJG will work together on many of the programs to their customer base.
- h. PSE&G - There are only 40 applications in queue because they don't want to create expectations that they can't meet.
 - i. Multi-family program has over 40 applications and 11 investment grade audits.
 - ii. They're trying to be careful because they think they have enough applications to meet their commitment.
 - iii. Municipal program is fully committed and the small business commitment is almost there.
 - iv. PSE&G has hired 65 energy auditors/air sealers, they will wait to see if they need to hire any additional staff.

6. Prevailing Wage

- a. Mike Winka reported that the Dept. of Labor is taking the lead.
 - i. They are currently in a transition because the Commissioner has not yet been sworn in.
 - ii. They are gathering information and will start making decisions and sharing information.

Residential Program Updates - Honeywell

1. Honeywell residential program update:
 - a. Cool Advantage completions are at 269 which is only 80% of last year's activity level.
 - b. Warm Advantage has 2,532 completions which is only 69% of last year's activity level.
 - c. Anne-Marie Peracchio clarified that the graph does not include ARRA projects. Honeywell added that the ARRA projects are not included in the goal numbers, so any reporting would be on the side rather than reflected in the charts. Mike Winka suggested Honeywell could create a new bar to show ARRA performance.
2. ENERGY STAR Products
 - a. Clothes washers remain strong, especially the Tier 3 \$75 rebate.
 - b. Dehumidifiers are at 381 completions.
 - c. CFLs are at over 200,000 (which is usually a Fall program).
 - d. Refrigerator Recycling has been increased from \$30 to \$50 for 2010.
3. Home Performance with ENERGY STAR
 - a. The participation numbers are lower due to a change in process and applications now have to be resubmitted by the contractor.
 - b. 792 work scope approvals were sent to the contractors in February. Denied applications will be sent to HMFA.
 - c. Julie deSeve (CSG) reports completions to the EPA to show how NJ stands nationally. Mike Winka added that NJ is considered a model for other states.

- d. Mike Ambrosio added that due to the success of the Home Performance program, what's in the pipeline has already been committed at about \$19-20 million.
 - i. The program had a 2010 incentive budget of \$38 million and has already reached more than half of this budget. We want to avoid running out of money and having a queue. One suggestion is to step down in rebate incentives after a pre-determined number of committed applications have been received for all programs. Thoughts on stepping down incentives? We're halfway through the rebate incentives in March and we don't want to exceed it, so either we slow it down, find more money or run out of money and have to stop the program.
 - ii. Mike Ambrosio - This program has multiple incentives and levels of it, if we do need to cut back which are the most likely targets?
 - iii. Audience member-Maybe make guidelines stricter for the higher tiers; software will help get a more comprehensive work scope for the contractors.
 - iv. Brian Bovio (Bovio's) - Incentives will be the place to look.
 - v. Mike Ambrosio - Is incentive a better approach rather than a cap of \$10,000?
 - vi. Julie DeSeve (CSG) - a \$10,000 loan costs the program about \$2,700.
 - vii. Mike Ambrosio - If we change the percentage will that change their stipends?
 - viii. Brian Bovio - If you want the loan the only problem is that many don't qualify for it.
 - ix. Julie DeSeve - If they don't qualify for the loan they can still get the cash back.
 - x. Mike Ambrosio - How valuable is the tier 2 incentive to bypass from tier 1 to tier 3?
 - xi. Julie DeSeve - Maybe we can make tier 2 only available to those who will continue on to tier 3?
 - xii. Mona Mosser - Maybe we can just reduce the incentive; still provide it but not as much as it currently is.
4. Processing time frame
 - a. It takes about 7-12 business days for work scope approvals
 - b. Approximately 10 business days for work completions
 - c. About 20 business days for field QC inspection
 5. Mike Ambrosio - Rebates for the residential solar program are currently at \$1.75 per watt but will drop to \$1.55 per watt once the 20 megawatt trigger has been reached. It doesn't help anything to rush in applications because you'll just reach that trigger number faster. We're looking for thoughts/ideas on how to do this?

Mike Winka (BPU)-Once you hit the trigger it changes the incentive amount. What should we do with existing applications when that trigger is reached? Possibly contact them to see if they're still interested in participating with a lesser incentive amount?

Commercial and Industrial Program Updates - TRC

1. With the new construction program we exceeded our approved application goal by 12.6 % in 2009.
2. For new construction, we completed 95 jobs as compared to our goal of 96. That equates to 98.9% of goal.
 - a. With the Retrofit Program (Existing Construction) - the number of projects completed continued to lag behind plan, as they had throughout 2009.
 - b. In December, 95 projects were completed and for 2009 a total of 1,392 projects were completed (or 68% of the goal).
 - c. With a tough economy, many companies are holding up on proactively replacing equipment with others only moving ahead on required improvements.
3. With Pay for Performance, the number of ERPs approved for 2009 was 4 versus a goal of 40.

- a. No ERPs approved in January because the process is taking longer than anticipated. There are many reasons for the lag in ERP approvals, including the fact that new partners required more assistance in delivering the ERP and it is taking more time to get the required information. Plus, the overall sales cycle is longer than anticipated.
4. For schools, we exceeded our goal by 21 projects which equates to 116.5% of our 2009 goal.
5. Some P4P statistics through February 2010
 - a. 101 applications received (both existing and new construction) of which 74 have been approved.
 - b. There have been 16 ERPs received and 4 have been approved, the remaining are under review.
 - c. Currently there are 94 active partners marketing the program and more than 12 currently in the pipeline to be trained.
6. Due to reasons discussed at prior EE Meetings, the Direct Install Program was not launched until late December.
 - a. No jobs were completed in 2009 although staff and contractor trainings were completed and assessments were scheduled.
 - b. Pre-inspections representing \$1,086,862 (15.6% of initial allocation) are underway to verify field assessments.
 - c. Approval letters sent out represent \$1,457,154 (20.9% of initial budget for gas and electric measures).
 - d. Growing number of installation applications coming from initial assessments.
7. For 2009, we approved 339 energy audits compared to our goal of 400 (85% of goal).
 - a. There were some time delays in getting auditing firms up to speed on the program's expectations for "approved audits." We have been successful in shortening this process and have seen continued increases in both the quality and number of audits that are meeting program standards within the first review.
8. Some LGEA program results
 - a. 2,232 applications received (one per building)
 - b. 1,118 applications (buildings) approved
 - c. 568 buildings with audit reports received
 - d. 504 building audit reports reviewed and approved
 - e. 64 audit reports currently under review
 - f. Average incentive committed per building is \$6,970
 - g. Total incentives committed + paid = \$7,723,622
 - i. (# approved x average per building)
9. TEACH
 - a. There were 2 new districts received in 2010 so far
 - i. Newark-10 schools
 - ii. Nutley-6 schools
 - b. There were 9 districts received in 2009, totaling 89 schools.
 - c. Of those districts the following are completed or have finished benchmarking:
 - i. Lacey, Metuchen, Bound Brook, West Orange, Woodbridge, Hunterdon, Cherry Hill, Runnemede, Lindenwold, Millville
 - d. Mona Mosser (BPU)-Teach only has 1 contractor being recruited now?
 - i. Roger Kliemisch - With the pending funding cuts, the TEACH program doesn't want to recruit another contractor for the program at this time.
10. Night Curtains-Changing from a Custom to Prescriptive measure
 - a. Technology reflects radiated heat and prevents cold air spillage or warm air infiltration. Prescriptive solution would use a "cover" on the refrigerant cases
 - b. SmartStart has proposed a rebate of \$9/linear foot which aligns with incentives at Puget Sound, PG&E, SMUD, Avista, Tucson Electric and Efficiency Vermont.
11. Other Items

- a. Entities are requesting direction from the Board (letter/posting) to guarantee “funds committed” will be honored once they successfully complete a project
 - i. Mike Ambrosio - Asking if this means that people/municipalities (mostly for LGEA) need more of a commitment or guarantee that their incentives will be honored. Not exactly sure what this means or what we can do, but we definitely can’t rely on a future board’s budget.
 - ii. Diane Zukas (TRC)-The questions have been relating to the budget order, that’s what they need a guarantee. Non-profits are having some uncertainty and are seeking some acknowledgement that they will be honored.
 - iii. Mike Ambrosio - Maybe we can mention that in the budget order.
 - iv. Mike Winka - Doesn’t the budget already say to keep commitments that already exist?
- b. P4P – timing of eliminating doubled incentive for certain customer class
 - i. Suggest 30 day window, and previously committed projects will still get doubled incentive.
- c. Direct Install
 - i. Propose instituting an entity cap of \$250K per year and project cap of \$40K; Local Government entity project cap \$100K.
 - 1. Trying to balance out how the contractors meet their goals so that one contractor, for example, doesn’t meet all of his allocated money in a short time and another barely reaches 10% of it.
 - ii. Under ARRA, can participating contractors receive ARRA funds, rather than payment to the customer?
 - 1. Diane Zukas - All payments go to the contractors in terms of incentives, should we continue to follow the existing policy with ARRA funds? Any stipulation that this funding has to go to the customer?
 - 2. Mona Mosser - ARRA appliance money has an issue with this but nothing so far with Direct Install
 - 3. Mike Winka - We have to go back to ARRA requirements to see if there is anything that requires us to do that. Executive Order is about the budget order. Is there a way to incorporate reductions? Maybe there is a way to structure it so that the process can flow with minimal disruption.
 - 4. Anne-Marie Peracchio (NJNG)-In terms of municipalities for Direct Install, do you need to bid for it because of the structure of the program?
 - 5. Roger Kliemisch (TRC)-Contractors might need some additional certification to be able to do this.
- d. (Phone)-Regarding the residential energy audit, there is a huge influx of people asking for the \$125 energy audit, and he feels that contractors aren’t making much money this way. Too many hours worth of work for the money that they’ll make.
 - i. Julie DeSeve - Contractors are receiving rebates in addition to the \$125 audit and the audit includes testing and additional testing costs when necessary. This will be put on the agenda for contractor working group.