

**MEETING NOTES FROM THE JULY 22, 2011
NET METERING AND INTERCONNECTION (NM INX) STAKEHOLDERS
MEETING IN TRENTON, NJ**

The meeting was held in the first floor multi-purpose room at 44 South Clinton Avenue. The meeting was opened at 10:07 a.m. by Scott Hunter, Renewable Energy Program Administrator with the Board's Office of Clean Energy. Scott advised that the purpose of the meeting was to discuss policy issues regarding net metering, interconnection, N.J.A.C. Chapter 8 re-adoption and related issues.

Chapter 8 Rule Readoption

Scott chose to rearrange the agenda to begin with a discussion of the Chapter 8 rule re-adoption since Suzanne Dice-Goldberg with the Board Counsel's Office was scheduled to leave the meeting early. Suzanne advised that when the rule proposal was submitted to the Board in March, it was due to expire in April 2011. Now, with recent legislated changes to the State regulatory process, the existing regulations' expiration dates have been extended for two years by statute, the new date is April 18, 2013. Suzanne explained that staff must decide whether to adopt this as a readoption, or to adopt the proposed changes as amendments and then readopt the chapter in 2013.

If we pursue a readoption, then Chapter 8 will not expire until 2018. The Board would file the adoption-comment/response document with OAL within 6 months of the proposal, i.e., by the end of October 2011. OCE would have to respond to comments, even comments on passages not changing, and OCE would not be able to propose additional amendments until after adoption.

If the Board pursues the proposal as an amendment to Chapter 8, then Chapter 8 will expire on April 2013 and we will have to propose to readopt again in two years (of course we can readopt without change). We won't have to file this adoption with OAL until a year after proposal which is May 2, 2012; you only have to respond to the comments on things we proposed to change; and you can propose new amendments anytime you wish.

Suzanne recommended that we process the proposed regulations as an amendment, since we have several new amendments expected to propose soon and we could do so as soon as we like (e.g., on-site/offsite amendments, other net metering amendments, SREC registration amendments, etc.). She also stressed that it would give us more time to prepare the comment/responses. In addition, since recommendations for new program/rules are developing quickly at the present time, our ideas would likely be more solidified in two years when it's time to readopt again, enabling us to readopt without many changes.

Class I RE Generators on Contiguous or Adjacent Property to an End User

Suzanne lead the discussion of Staff's draft straw proposal entitled "What does it mean to be on the customer's side of the meter for net metering purposes"? The draft consisted of statements regarding legal boundaries, contiguous property, property containing more than one generation facility and net metering definitions for consideration. The stakeholders were asked to comment via the OCE website by July 29th.

Suzanne also led a brief discussion of the Right-of-Way vs. Easement issue. There are technical differences between the terms easement and right-of-way, but they have the similar effect upon the landowner. An easement is a certain right to use the real property of another without possessing it. Easements are helpful for providing pathways across two or more pieces of property or allowing an individual use of a property such as to fish in a privately owned pond. An easement is considered as a property right in itself at common law and is still treated as a type of property in most jurisdictions. The rights of an easement holder vary substantially among jurisdictions. Historically, the common law courts would enforce only four types of easement:

1. Right-of-way (easements of way)
2. Easements of support (pertaining to excavations)
3. Easements of "light and air"
4. Rights pertaining to artificial waterways

Modern courts recognize more varieties of easement, but these original categories still form the foundation of easement law. Meeting participants also raised the concern that a single public thoroughfare could be encumbered by multiple ROW and/or easements and that given this fact the current draft language in Staff's straw seemed to greatly limit which properties could be considered 'contiguous' and hence the ability for generators to be considered 'on-site.' Staff advised that it would review the straw in light of this practical limitation and suggest alternative language.

Other Net Metering Issues

Pat McDonnell of American Renewable Energy raised a question on aggregated net metering regarding proposed pilot enhancements and the status of the issue. Scott responded with a description of the pilot program operating in Atlantic City Electric territory and the proposals for the remaining three EDCs. He advised that JCP&L proposed that distribution charges would be excluded from the retail kWh credit for pilot participants. He reminded meeting participants that NJ's net metering regulations specifically N.J.A.C. 14:8-4.3 (l) requires a supplier/provider or EDC to provide net metering at non-discriminatory rates that are identical, with respect to rate structure, retail rate components, and any monthly charges, to the rates that a customer-generator would be charged if not a customer-generator, except that a supplier/provider or EDC may use a special load profile for the customer-generator, which incorporates the

customer-generator's real time generation, provided the special load profile is approved by the Board.

Meeting participants discussed and questioned the intent of this provision of the regulations and the Board directive for the aggregated net metering pilots to be designed in a manner that is consistent with all provisions of the existing net metering and interconnection regulations. The net metering and interconnection regulations are currently silent, with no enabling provisions or prohibitions on the ability for a single customer-generator to aggregate consumption among multiple meters on their property. The intent of the aggregated net metering pilot programs as expressed by the Board is to inform the public rulemaking process.

Meeting participants requested a discussion of the impact of a Bank foreclosure and changes to customer accounts on a PPA-owned residential property if the meter is not shut off. PSE&G responded that in their experience on the commercial side, as long as the account remains active the system remains operational and PSEG nets the account as usual. If an account becomes a "no load customer" the system owner would get a wholesale rate, while the treatment of residential customers is on a case by case basis. ACE said their policy is similar to PSE&G's. RECO considers a case by case arrangement and JCP&L does the same.

Other Interconnection Issues

The discussion of IREC's proposal to increase Level 1 Interconnection Capacity from 10 kW to 25 kW was responded to by Jim Calore of PSE&G. Jim advised that if the proposal were enacted the time frame for a Level 1 interconnection review would be subsequently increased. Steve Steffel from ACE and Jim Calore said that the EDCs are looking at the issue jointly to determine the impact on the utility electrical systems.

The Solar Alliance/IREC proposal for modifying the "15% Rule", ie the interconnection screening tool which reviews maximum penetration under minimum load conditions was discussed. Some participants recommended raising the screen to 23% of peak load. EDCs were generally concerned that the condition could cause significant voltage fluctuation and steady state voltage rise. Additionally, Jim Calore stated that raising the screen would not improve the interconnection process. He recommended that "what it takes to interconnect to the system should be the guiding factor" in interconnection review.

Mike Sheehan with IREC suggested that some utilities are using a minimum load screen of 50%. That is, the maximum generation allowed to interconnect is 50% of the minimum load on a circuit. In fact, a Hawaiian utility is experimenting with allowing interconnected capacities to reach 100% of minimum load.

Regarding the issue of differential treatment for non-exporting generators as proposed by IREC, Steve Steffel from ACE advised that the fluctuation of voltage for solar remains a problem unlike a constant load generator. Regardless of the ability of a

generator to export to the grid, voltage fluctuations result from grid interconnected solar generators with existing inverter technologies due to intermittent solar resource. ACE is not in favor of this proposal because of impact of intermittency on circuit voltage and reliability criteria for maintaining voltage.

There was a brief discussion regarding factors which should be considered in order to show facility load prior to final interconnection approval. The case of electric vehicles with central or dispersed charging stations is expected to become more frequently experienced. Some said that they would like to think about this issue a little more.

Staff requested ideas for improving or advancing solar interconnection in New Jersey:

- ACE and Solar Alliance (SA) recommended leveraging the ability of inverters to use active voltage, VAR or Power Factor correction
- Consider leveraging dynamic load control where, in real-time, circuit load data is sent to solar generators on that circuit allowing them to export when circuit load conditions allow. (SA)
- Consider cases where aggregate customer generation exceeds all load on a circuit and makes the circuit appear to be a net generation node in the PJM system. (SA)
- Encourage more interactive approach between developers and utility system engineers to resolve interconnection issues. (SA)

Murray Bevan, representing Bloom Energy, requested a discussion regarding the ability to interconnect and net meter fuel cell energy from natural gas generation. Staff suggested that the proposal be sent out for further comment.

(The meeting was concluded at approximately 1:50 p.m.)