

**New Jersey's Clean Energy Program  
Energy Efficiency Committee Meeting  
Tuesday, June 12, 2012  
Hosted by Honeywell – BPU, Trenton**

**Introductions**

**Program Coordinator and Regulatory Updates**

Presenters: Mike Winka (BPU), Mona Moser (BPU) and Mike Ambrosio (AEG).

1. RFP - Mike Winka – He just sent out an email to the listserv and will post to the website an open letter from President Hanna about the release of the NJCEP Program Administrator RFP issued on Friday by Treasury. The letter gives the address for the link for the RFP which is about 700 pages (about half of the RFP are the addendums). Bids are due Aug 24, 2012. There will be an open question period for two weeks followed by a three week response period. The Board is tentatively scheduling the decision by the end of the year. The best case scenario is the contract will be in place in early November which will likely mean (this is all tentative) there will be a need for a small contract modification period for the termination/transition process. One of things they discussed internally is that in the RFP there is a proposal of a funding level and structure to bid on that will look identical to the CRA funding level process. This will start the discussion of the funding levels. The RFP does two things that the Energy Master Plan (EMP) provided some direction for: 1) To streamline the administration of the NJCEP and the RFP has one Program Administrator (PA) instead of three contracts/market segments like it does now which should provide more flexibility to make administrative decisions vs. the burdensome process there is now. This allows the program to be implemented in a shorter more reasonable time instead of the Board approving a compliance filing and then having contract modifications, then going back to the Board for those contract modifications and then having them start up at that time. 2) The RFP also starts to allow the discussion of the split between rebates and financing. In the funding level which is in the RFP it sets the goal and guidelines on how to spend the money over the next four years. It does not say this is how it exactly has to happen. It sets the guidelines that the EMP says to look at in this transition and the CRA sets for the next 4 years. It lays it out so bidders are all on an equal level playing field in terms of bidding. It may get approved differently and whatever is approved, the PA when hired will implement whatever is in the final funding level.
  - a. Anne-Marie Peracchio (NJNG) asked about the timing for the CRA and asked if it would provide more content into the proposed funding and structure. Mike Winka responded saying it is probably by the end of the week and it will provide more, but he thinks the financing structure under discussion is for longer term. The CRA does not lock the Board into levels and how it has to happen. It sets up guidelines. Anne-Marie commented that it looked like the number of participants in 2015 is in the ballpark of 10% of what there was in 2013. Mike responded that, that is in the financing structure and the CRA says those monies will be returned in a longer period of time which will then allow you to increase participants. It will not happen in the four year cycle of that funding level. Again, it is open for discussion when that comes out.
2. CRA - Mike Winka – It will be out by the end of the week or shortly thereafter. The timeframe for looking at the draft, getting comments and revising the draft based on those comments and then presenting the Board with a final funding level for the next four years is September/October. The new PA will be in place around November if it all falls into place. The direction the Board wants to go in is to extend 2012 funding level into 2013 to allow the new PA to come on board and to have the Market Potential Study done and have the evaluation underway to take advantage of and have the CRA information for the next funding level. There have been discussions back and forth with Treasury of calendar year vs. fiscal year. The Board direction is to merge those together and to extend the 2012 funding level through 2013 and to start new year 2013 on July 1, 2013. That will give the PA the opportunity to review the Market Potential Study, some of the evaluations and the CRA that will be in place. There will be a schedule of how all these things time together. The Market Potential Study should be in draft by July and should be final by end of August which will help form the CRA. All these things come together by the end of the year.
3. Mike Winka – The last Agenda on May 24<sup>th</sup>, there was a clean up order for 2012 for the revised programs, but they discussed that at the last committee meeting and all of that had been approved. There was new lighting incentive for schools in terms of the existing program and Carl will speak on that later on.
4. Mike Winka - There is an Order finalized with Green Cities and this is a remediation on contractors that do not follow the appropriate procedures. They have an accelerated remediation for contractors that could result on them being removed from the list.

5. Mike Winka - The Board extended the contracts for HW, AEG and TRC to January 19, 2013.
6. Mike Winka - The Board approved the extended EDC Solar program so for 180 MW and that will be discussed later today in the RE meeting.
7. Mike Winka - On the Agenda for the 18<sup>th</sup> on the clean energy side there is a Home Performance Comfort Home decision on one of the projects, there is a net metering rule for on-site generation, there was an off shore wind rule, but it was deferred to the next agenda and there were a few rebates over \$300K.
  - a. Anne-Marie Peracchio asked about the net metering and onsite and whether it applies. Mike Winka responded there have been discussions on what meets the definition of onsite generation. The Board is going through a regulatory process and legislation may pass, but they have been waiting for close to a year for this.
8. Filings – Mike Winka (BPU) - SJG still has a filing in front of us. Bruce Grossman (SJG) said the response was there were still some administrative issues that were outstanding so therefore deemed incomplete and the company is compiling information to develop a response and file that as a supplemental filing. Mike suggested that SJG might want to take note on the Agenda on the 18<sup>th</sup> the decision of NJNG on their compressed natural gas. Their filing also included natural gas filling stations and they are looking at the statute in terms of the policy and whether that will be a RGGI filing and is still a question on a policy call for a decision. PSEG had a pre-filing meeting several months ago, but they have not filed yet. Anne-Marie Peracchio added that their program does not expire until the end of the year.
9. Funding Levels - Mike Ambrosio (AEG) – He was going to put some numbers out, but given that there are some numbers in the RFP he will have to get with Staff and get those numbers from the RFP and use those numbers. He did not recall if the numbers in the RFP included funding for entities for others other than the bidders, but believes there was a number in there. They will use those numbers as guidance. This will really go through the same process they have gone through for the past few years, but they are just starting later. Funding levels will be assumed/flexible until the Board makes a decision on the CRA proceedings. He will put together numbers at a high level by sector and at the July, Aug and September meetings the Program Manager will submit more increasingly detailed recommendations for 2013 programs. They will do the 7 and 5 Report as they do every year. Mike Winka added that it probably would have been better had they had a discussion a week ago, but because the RFP was coming out they did not say anything about the schedule or how they are changing it and wanted to keep it above board and a level playing field for all bidders. They envision that it will be about September when the Board will decide to extend the current funding level. It just will not be enough time to get a new annual budget in by January 1<sup>st</sup> and get the transition done at around the same time.
10. 2013 Compliance Filings and Timeline – Mike Ambrosio – Over the next three meetings it will get more increasingly detailed on the recommendations on 2013 programs. The process they anticipate is really the same schedule as last year, which is in end of Sept/early October the OCE, TRC and HW will submit the draft compliance filings and they would be put out for comment and a public hearing scheduled typically in the Oct/Nov timeframe and scheduled for Board consideration in early December. There are couple of moving parts this year which some have already been noted today such as the funding level 6 month extension and the issue of fiscal vs. calendar. Also as everyone knows the Treasurer said there is some of the clean energy funding that is supposed to be lapsed into the general fund. It will be out of this fiscal year and there is still an unknown if any of next fiscal years. One of the big moving objects is how the state budget plays out which we should know in about the next 2 weeks. They have to have the state budget by June 30<sup>th</sup> so at that time we should have a good handle on the funding and will have to possibly adjust 2012 and 2013 budgets. Mike Winka added that they have already had discussions with the Fiscal Agent on cash flow and monitoring, processes and procedures. Mike Ambrosio wanted to reiterate something that Mike Winka said last month which is the last time, 2 years ago when funding was lapsed from the clean energy program there were some fairly drastic changes. Based on the numbers now, they can meet that dollar amount without too much harm to the programs. There is about \$50M not yet allocated including a \$5M interest payment that was made so right off the top there is that money. There is probably more than \$50M in funding for new programs not yet implemented and the decision not to implement those programs was really tied to not doing contract modifications at a time there is an RFP and a transition is taking in place. Therefore, they should be able to meet the numbers without too much change/harm to the programs.
11. SBC – Mike Winka said they are still going through some legal evaluations on the SBC law in terms of a credit and the evaluation should come out shortly. They will put together a straw proposal that looks at all the programs in relationship to that law and how that would be implemented
12. Smart Growth – Mike Winka said the decision on Smart Growth has to wait for the state plan to be adopted by and then each one of the states agencies have to adopt the plan and within that the Board will recommend

not to go through with it. Procedurally that is what the Board has to go through even though they would make that recommendation now if they could. They have to wait for state to approve its overall plan.

## **Commercial/Industrial Programs**

Presenters: Carl Teter (TRC) and Valentina Rozanova (TRC)

- a. Schools Lighting Initiative – Anticipate it to be out in the next 2 weeks.
  - a. Mike Ambrosio commented to Carl that they should have a discussion because he was not sure if the \$6M noted in the presentation is a hard cap as opposed to an estimate. When they get close to that amount there should be a discussion.
- b. Combined Heat and Power Fuel Cells – Change notice is on the NJCEP website. The Small CHP/Fuel Cell program will be limited to systems less than or equal to 1MW to better align with the Large CHP/Fuel Cell Grant Programs. Change to take effect on July 23, 2012 (60 days from Board approval on May 23, 2012).
- c. LEUP – Remaining budget comment by Mike Ambrosio –The first bullet on raising the overall incentive cap from \$1M to \$5M would require a change in the Compliance Filing so that is longer term. Staff is looking at if and when the decisions are made on the revised budgets and the proposal would be considered part of that. The other item regarding the 2<sup>nd</sup> 45 day open program enrollment period after initial entities have been approved to submit their DEEP can be done without further decision by the Board so that is just waiting to nail down some final loose ends and then Staff can make an announcement.
  - a. Anne-Marie Peracchio asked if they are still looking at reducing the threshold. Mike Ambrosio responded that that would all be a part of the revised Budget Order. Any program changes would be part of that revised Budget Order. Valentina added a comment about lowering the threshold stating the way the program is structured now the actual maximum incentive would be 90% of that. If they lower the threshold, it would become less and less lucrative. Mike added that there is a minimum incentive of \$200k so you can not go down to far without hitting that.
- d. SEP Non-IOU – Mona Moser (BPU) says there is more money, but do not have access to it. She added that the Residential programs have already announced their suspension. Carl Teter noted that there are nine projects in queue that there is no money for. Mike Ambrosio suggested TRC do what Honeywell did with their announcements. He added that they are trying to resolve any issues quickly to get access to more money. The question was asked whether the programs should continue to take in projects into the queue and hold them to be first on line or should they send the applications back and say send them in if we get more money. Recommendation was made to do the first. Mike W commented that they have every expectation to work this out and get the funding. President Hanna understands the need to do this and the issues and working it out.
- e. Direct Install - Mike Winka believes there needs to be a policy discussion along the lines of both Home Performance and Direct Install and how they are structured with regards to being open to the market and competitive or controlled under the Program. There are positives and negatives to both ways. There should be discussions to try and find the best of both worlds and apply them to proceed.
- f. LGEA YTD Results – Mike Ambrosio asked what might be driving the high completion rate (above goal). Carl said there has not been any consistent or themed feedback.
- g. Anne-Marie Peracchio – We need to watch P4P and LEU as the last thing we want to see is incurring administrative costs and then having the customers back out to go the other path. This is something we should watch. Mike Winka say they will shoot get to a Board Order in /around September laying out what will happen to develop the program.
- h. A question was asked – Has there been any language changes for the small CHP? Carl says there are some issues to be considered with regards to the savings and what should be incentivized depending on the length of the lease terms. It should be out shortly. Mike Ambrosio added that there was a Rate Counsel suggestion that there should be a lower incentive for a shorter lease time. Staff asked TRC to put together a proposal which then there could be comments on. If Staff supports that then most likely that would require a change in the Compliance Filing.

## **Residential Programs**

Presenters: Dave Wolk (Honeywell) and Janja Lupse (CSG)

1. Appliance Recycling - Direct mail piece went out and we are seeing pick up from that.

2. RNC – All previous manually processed apps are now in the system. There are about 500 in the pipeline to be processed. Mike Ambrosio asked if all the payment issues been resolved? Dave Wolk said they had had the first funding request in April with a very quick turnaround and it has been flowing since then.
3. Home Performance - Tier 3 ahead of goal and Tier 2 is below. The contractors are converting more Tier 2's to Tier 3. Mike Winka asked about the proposal from the DOE and how changes they suggest might help in Tier 2. Nikki Kuhn (VEIC) explained that the DOE is the Administrators of the Federal program and they are suggesting that the Program moves away from Tiers altogether. It is a proposal of suggested improvements for a certain number of measures and a separate path for HVAC and a separate pate for envelope improvements. A comparison was done and they just submitted comments back to the DOE. They just closed the comment period so it will be interesting to see what the DOE does from the comments. Dave Wolk added that there seems to be consistently in the feedback that the DOE is getting. Anne-Marie Peracchio said the other weird piece is there is an option where you could have other sponsors, an example like Home Depot, could come in and be a sponsor of the program and this could potentially cause overlapping. Dave Wolk added that in some ways it seemed that this was designed for areas that maybe did not have access to Home Performance to allow grassroots programs to get something up and running fast.
  - a. Mike Ambrosio asked Dave if he had any sense of what was driving the success of Tier 3 and being over goal. Janja responded saying the contractors are saying they want to go all the way with it and to remember a lot of the contractors are HVAC contractors so their leads come from calls that begin with an interest in upgrading heating or cooling equipment
  - b. Mike Winka commented on the financing issue. He wants to be careful not to call it pre-funding. He believes the team needs to submit a proposal (Dave Wolk responded that they are currently reviewing the information and should be able to submit a proposal in a week or two). Dave summarized what the issue is for anyone who may not be aware: EFS initially when we first brought them on board and no one had any idea how successful it would be and they expected 24hour turnaround. As it grew, EFS started putting out their own money out and had to establish and internal cap on their own money and it in turn slowed payments to contractors. Mike Winka said they are still having discussions with the Credit Union of NJ to establish a program that helps to finance these within the banking structure. There was a discussion with Woodbridge and the Community on a proposal to take some of the single family foreclosures in Woodbridge and have the municipality take them over and upgrade them to Home Performance standards and then put them back on the market. Dave Wolk added that they have had follow up meetings with the Credit Union and Woodbridge and Community bank and they are currently waiting for them at the moment. He said the last indication was that NJ Community Capitol may be able to work within with current program framework without any compliance filing or changes. However, there is an issue that requires them to have a 3 year program which we do not have. They have to also determine how much volume they think would go through the programs.
4. Tony O'Donnell (Sustainable Jersey) thought it was a good time to comment on the Highland Park Home Performance Pilot – Sealed Power is doing the audit for Highland Park for \$49. Highland Park has approx. 2800 homes that could be eligible. If you take the percentage of statewide participation and apply that percentage to the Highland Park number you would expect about 4 homes annually. With this pilot program and only sending out about 1/6<sup>th</sup> (~500) mailers, Sealed Power has received 52 scheduled audits, completed 32 and signed contracts for 6. Again, this is only 1/6 of the town. Overall, this is even more impressive that then Direct Install response which was very good.
  - a. Mike Winka asked Tony to comment on the Direct Install program as he believed President Hanna sent out a letter in terms of the training. Tony said that in conjunction with DI and HP actions they are holding workshops and President Hanna was kind enough to send out a letter advertising this and they did see an uptake in participation in the workshops. There will be one on June 25<sup>th</sup> in Highland Park and they will take a break for the summer months.
  - b. Mike Winka asked about a grant for Belvidere. Tony explained that one of the council members said they might not want to join in because Sustainable Jersey and Sustainable Development in general are part of a United Nations plot called Agenda 21. Belvidere then put off the vote and had another meeting and allowed Sustainable Jersey to speak where they explained who they were and how their roots are from NJ and there is no relation even with the United Nations. Belvidere voted 5 to 2 to assign a Green Team and move forward with Sustainable Jersey.

## **Eastern Heating and Cooling Council**

Presenters: Jill Sherako (EHCC)

Numbers are excellent and way above expectations. EHCC is partnering with some technical schools and she will keep us updated on that. Also the NJ BPU requested a seminar from EHCC for their staff to help get them more educated on health and safety issues interrelate to changing out HVAC equipment.

### **2013 Residential Efficiency Plan**

Presenters: Dave Wolk (Honeywell)

1. Increasingly detailed plans will occur over the next months.
2. Mike Winka said when they started the EDA Renewable Energy Manufacturer Incentive Program there was more activity on the renewable side. Now it seems the vast majority of the projects they approve are on the energy efficiency side. So something to think about is how you support the NJ clean energy manufacturers within energy efficiency. There should be a discussion with the EDA,
3. A question was asked –Was there consideration on the impact for the subcontractors for the transition. Meaning will there be a hard stop or a transition and has this been considered as her concerns are on being about to plan regarding the people and resources it impacts.
  - a. Mike Winka – The RFP and CRA both account for the transition. The RFP says to pick it up as is and make changes in July 2013. The CRA says these are what are in place and there should be a smooth transition and there should not be hard stop. The funding levels did not dive deep, but it recognizes the best programs do not stop and start and that the transitions are managed.

### **Utility Updates** (most touched on earlier)

1. Anne-Marie Peracchio (NJNG) – They are hosting a TechniArt lighting show on Friday. Their online promotion Save Energy Save Money, have had about 4200 player and they have passed on about 114k tips. There have been 3700 responses for sweepstakes. They'll be able to share more after it wraps in July.

### **Other Business, Next Meeting**

Next Meeting – TBD

### **Attendees**

<b><u>Name</u></b>	<b><u>Company</u></b>	<b><u>In Person</u></b>	<b><u>By Phone</u></b>
Ambrosio, Mike	AEG	x	
Bitner, Angela	EFS		x
Bovio, Brian	Bovio Heating		x
Bowen, Mark	Franklin Energy	x	
Boyd, Mary Jo	CSG	x	
Carpenter, Joseph	NJ DEP	x	
Chaplin, Dawn	Honeywell	x	
Dempsey, Peter	South Jersey Energy Service Plus	x	
Desimpel, Tom	CMC Energy	x	
Dolan, Brian	Intellidyne	x	

Donohue, John	On behalf of Fuel Merchants Assoc		x
Ellman, Susan	NJNG	x	
England, Cheryl	Elizabethtown	x	
Fisk, Andrew	CSG	x	
Flynn, Don	Nexant, Inc.		x
Foreman, Sheila	One Change		x
Gordon, Angela	Lockheed Martin		x
Graham, Marianne	ICF working in support of EPA ENERGY STAR ®		x
Grossman, Bruce	SJG	x	
Haddock, Kyle	EIC, Comfort Home	x	
Hambric, Steve	Opower	x	
Hauber, Fred	Eastern Energy Services, Inc.		x
Hayes, James	The Stone House Group	x	
Hinkle, Barry	Lockheed Martin	x	
Holland, Dave	Honeywell	x	
Holmes, Bill	SJG	x	
Ingelido, Richard	ConEdison Solutions		x
Kass, Lloyd	Willdan Energy Solutions		x
Kuhn, Nikki	VEIC	x	
Lesch, John	ENERACTIVE Solutions		x
Lupse, Janja	CSG	x	
Magrann, Mark	MaGrann Assoc.	x	
Mosser, Mona	BPU	x	
O'Brien, Nancy	EFS		x
O'Donnell, Tony	Sustainable Jersey	x	
Ortiz, Yennaira	Honeywell	x	

Palmer, Bill	Kamson Corp	x	
Pecora, Tom	Honeywell		x
Perracchio, Anne-Marie	NJNG	x	
Prusik, Joseph	PSE&G		x
Schmidt, Vicky	TRC		x
Shamlian, Karine	Clean Markets, LLC	x	
Sherako, Jill	Eastern Heating and Cooling Council	x	
Siegel, John	Quanta Technologies, Inc	x	
Steigelmann, Bill	Lockheed Martin	x	
Stewart, Patrick	Bovio Heating	x	
Takahashi, Kenji	Synapse -Energy		x
Teng, Elizabeth	BPU	x	
Teter, Karl	TRC	x	
Tobian, Carol	National Resource Management, Inc.	x	
Valora, Sam	SJG	x	
Vogel, Mike	Elizabethtown	x	
Winka, Mike	BPU	x	
Wolk, Dave	Honeywell	x	
Woods, Emily	Honeywell		x
Wong, Doug	BC Express Inc		x
Zegberski, Sandy	NJ EDA	x	
Zukas, Diane	TRC		x