

**New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
January 13, 2015
BPU, Trenton**

Introductions

Program Coordinator and Regulatory Updates

Marisa Slaten, Sherri Jones, Mike Ambrosio

Updates on Filings, Board Orders and Regulatory Items

- In December, the True-Up Budgets were approved. No Program changes took place, and the new budgets are now in effect.
- The planning process for FY16 has begun. There is a meeting planned for later in January, where Market Managers will present to staff some summaries of the current Programs and recommendations. Public presentations in February.
- There are no new updates, and also no timeline, for the Program Administrator RFP. It is pending with Treasury.

ERB Update

Mike Winka

- Wastewater treatment guide is available. The next guide will be for either hospitals, public housing, or schools (or they could come out as one). Contact the ERB if you have a preference for what will come out next.
- One issue is funding appropriation concerns—the concerns are unfounded. Funding for ERB is federal, and the dollars cannot be lapsed.
- Getting larger entities involved in HUD is a goal, which would hopefully move along the hospital sector.
- There are 2 applications in, and 24 “intake applications” (letters of interest).
- Program is linked to LGEA, so applicants are directed there if they have not yet done an audit.
- Customers also get extra points for being energy efficient, and can do so through P4P. There is an effort happening to link the Programs.

PJM's RPM Capacity Market Presentation

Adam Keech, Director of Market Operation

Steven Boyle, Director of State Government Affairs

The presentation focused on energy efficiency in the capacity market, and some of the uncertainty revolving around energy efficiency in this market. Some background:

Reliability pricing model

- Termed as “capacity market” at PJM.
- Intention of capacity market is to ensure that PJM meets their long-term resource advocacy needs (on a locational basis).
- 3-year, forward market that looks at maintaining existing capacity across the system (capacity=availability of either generation or demand reductions).

The 3 year forward auction process has locational elements to it (pricing varies based on footprint). This is in place to lock in enough resources to meet expected demand, and pay those resources so they maintain proper criteria to operate as efficiently as possible, when the time comes (3 years from the date of the auction).

Capacity Market and Energy Efficiency

The capacity market has historically been focused on generation response. In recent years, it is focusing more on energy efficiency.

- 20% increase in EE projects cleared in the capacity market.
- Residential and commercial lighting projects make up a large percentage of megawatts saved.

Criteria for Energy Efficiency participation:

- EE installation must be scheduled for completion prior to auction delivering year (DY).
- The installation cannot be reflected in peak load forecast posted for the BRA for the DY initially offered.
- Project must exceed standards of building code.
- Not dispatchable (there can be no operator action required in order to implement the load reduction—usually a given for the nature of EE projects).
- Installation needs to achieve load reduction during defined EE performance hours.

Nominated EE value:

- Represents the ICAP value of an EE resource, and is the expected average demand reduction during the defined EE performance times (2pm to 6pm from Jun 1 through Aug 31 on any day that is not a weekend or federal holiday).
- The above capability is what would be offered into an auction.
- EE value of weather sensitive equipment is based on standard zonal WTHI.

Measurement & Verification (M&V) Plan:

- Describes the methods and procedures for determining Nominated EE Value of an EE resource, and confirming the EE Value is achieved.
- The minimum Nominated EE value is 0.1 MW.

EE Resource Requirements:

- To bid into the auction, participants must have an approved project.
- M&V reports must be submitted prior to RPM auction. One M&V Plan can be submitted to cover multiple projects. M&V Plan must clearly document the nominated EE Value of each EE Resource.
- Projects are subject to penalty charges if it does not meet the proposed criteria.

Question by Pip Robins: Can the customer receive money from PJM in addition to state incentives?

Answer by Adam Keech: PJM Programs do not have any credit or netting against the state Programs...I'm uncertain, but my instinct would be to say yes.

Comment and follow-up by Michael Ambrosio: That's one key public policy issue—if the state gives the customer a rebate, do they own the capacity? Can the state then take the whole CEP capacity and sell that into the PJM market, applying those funds back into the Program rather than giving the customer additional revenues? Who owns the capacity, and is the owning entity different across different classes of customers?

Adam Keech: One thing not mentioned in the slides is that there needs to be, as a pre-qualification measure, a clear declaration of who owns the load reduction. The owner would be the entity responsible for performance and the one who is charged if performance is not met. PJM has no policy such as, for example, paying 10% of a project and therefore owning 10% of the capacity.

Michael Ambrosio: I believe the State has to come up with a policy as to who owns [the capacity]; likely any decision that is made would cause controversy.

Pip Robins (paraphrased): In most cases, it will be the customer who owns the capacity. But for cases where the project is 100% funded, the funding entity owns the capacity.

The topic shifts here and it is noted that customers can receive incentives for past projects, if they aggregate the past project data into a submittal for a current auction. As mentioned, the minimum Nominated EE Value is 0.1 MW; however, a customer can aggregate projects to achieve that savings amount. Monetary value is discussed; locations of project will vary the amount given for load reduction.

Comment by Michael Ambrosio: I assume lighting participation is heavy because that is the easiest to calculate (in the M&V).

Reply by Adam Keech: Also, metering data is not needed for lighting projects.

Possibly Paths for NJCEP to Sell Capacity

- The State could become a member of PJM (unlikely).
- Work with utility that already is a member.
- Work with independent aggregators.

Pip Robins states that his company specializes in the last option.

Comment by Steve Boyle: The commonwealth of PA considered joining PJM. The problem is defaults; it is impractical for states to be a member.

NJCEP is currently giving free capacity. The state receives benefits in suppressed capacity prices, but the Program does not get paid for reduced loads.

Road Ahead (ESPA case)

Background: ESPA (the energy producer's supplier/energy supplier conglomerate) filed a docket with a district court, which stated that FERC order 745 (dealing with compensation in the energy market to demand response) was unjust and unreasonable. In reviewing that case, the district court found that FERC (FERC=PJM's regulator) did not have jurisdiction to make rules around compensation to retail load, given that the jurisdiction is in a wholesale power market. Essentially, the district court ruled that FERC order 745 should be vacated, due to the fact that FERC does not have jurisdiction to make rules in a wholesale market. The next step in the appeal process for order 745 could result in a Supreme Court ruling. Outcome of this legal battle will have far-reaching implications.

If the Supreme Court rejects the case/or if the Supreme Court takes the case and agrees with District Court:

- District court hearing stands, and PJM's EE models are restructured to be compliant with the new hearing.

If the Supreme Court takes the case, and rejects the District Court hearing:

- Operation will remain in status quo.

Question by Attendee: Would the difference just be switching monetary end receivers?

Answer by Adam Keech: That is a component of it. The other component is that the account service provider would become state-based. The end-use customers would stay the same, but the entities they interact with may change, and how that is portrayed in capacity auctions going forward [would change as well].

Before closing the presentation, there is some discussion on supply/demand and the compensation elements involved in both that have the possibility of changing based on the court ruling.

Residential Program - Honeywell

Fiscal Year 2015 Program Results to Date

Results through December (halfway through FY15):

Products:

- MWh lifetime yearly savings: 58% of plan.
- DTh lifetime yearly savings: 41% of plan.
- Washer completions: 9,950
- Refrigerator: 1,770
- Lighting, 2, 050, 862
- Fridge recycling: 5,729

Just under \$11.9 million available of the remaining budget.

HVAC:

- DTh lifetime yearly savings: 31% of plan and MWh lifetime 22%.

Cool completions: 1,408 Warm Completions: 5,883

HVAC Completions: 7,291 SEP Cool Completions: 5

SEP Warm Completions: 155

Slightly over \$9.1 million available of the remaining budget.

Michael Ambrosio asks for clarification on the numbers, and requests that Kevin Burke add the savings goal number to the chart.

RNC:

- MWh lifetime yearly savings 20% of plan and DTh yearly of 18%.
- Enrollments: 2,185 and Completions 1,287

Slightly under \$9.4 million available of the remaining budget.

Hurricane Sandy Response Update:

- \$3,382,100.00 paid out total.

Question by Sherri Jones: Do you still see Sandy apps come in?

Answer by Kevin Burke: We see some from customers who did not realize the damage at the time, and who are requesting a waiver for the deadline.

HPwES:

- MWh lifetime yearly savings 97% of plan and Dth lifetime of 69%.
- Tier 1 completions: 220 and Tier 2 completions: 2,722

With \$10 million available Honeywell anticipates the need to request addl funds.

- HPwES enrollments are up 12% in FY15 as compared to FY14.
- Completions are up 8%.
- Completion goal: 5,500 and 2,942 completions halfway through FY.
- Funding extension (SEP): all \$82,371 has been exhausted.

December 16: Making use of zonal pressure testing and CAZ depressurization webinar.

- 56 attendees, 1 CEU

February TBD: New contractor orientation (in person).

Commercial & Industrial Programs - TRC

Fiscal Year 2015 Program Results to Date

Presentation results covering first half of FY15.

- Funds reallocated from P4P/LEUP to retrofit.
- LED linear lamps (2' and 4' LED tubes) have been added as a Prescriptive measure, and is currently on the application posted to NJCEP website.

Retrofit:

- 61% of cumulative lifetime MWh savings goal reached/101% committed.
- 77% of cumulative lifetime DTh savings goal installed/108% committed.
- 3,053 applications received, 1,587 applications completed/paid, 88% of budget committed/paid.

New Construction:

- 46% of cumulative lifetime MWh savings goal reached/28% committed.
- 0% of cumulative lifetime DTh savings goal reached/56% committed.
- 78 applications received; 12 applications completed/paid. 54 applications approved and 59% of budget committed/paid.

Direct Install:

- 76% of cumulative lifetime MWh savings goal reached/65% committed.
- 91% of cumulative lifetime DTh savings goal reached/108% committed.
- 686 applications received, 681 applications completed/paid.
- Dec 2014 saw 140 new applications received, program on track to exceed goals.

Combined Heat & Power:

- 20% of cumulative lifetime MWh savings goal reached/119% committed.
- 51% of cumulative lifetime DTh savings goal installed/0% committed.
- 12 applications received, 2 applications approved (3 more expected in January).
- 2 installations approved and 1 performance submittal approved. 35% of budget committed/paid.

Comments by Valentina Rozanova: The committed projects are all electric, no gas. TRC also received its first Performance submittal for CHP.

Question by Michael Ambrosio: There was some pushback on the new reduced budget change—has it still been a good balance so far? *Answer by Val:* Yes.

Comment by Sherri Jones: Activity is down—if anyone is looking to do a project, please speak with the BPU or TRC so we can be aware of any possible projects coming in.

Question to Mike Winka: Are there any customers waiting on ERB response to see if they can get better deal there?

The consensus is unknown; Mr. Winka states that customers need to be actively pushed along in the process. Mr. Ambrosio mentions that in some of the subcommittee meetings, TRC and AEG were made aware that some projects are not economic (according to customers). He asks how the economics look on the HUD side.

Mike Winka: We're looking at tiering for larger projects in the new economy.

Pay for Performance, Existing Buildings:

- 70% of cumulative lifetime MWh savings goal reached /121% committed.
- 63% of cumulative lifetime DTh savings goal reached/22% committed.
- 41 applications received, 21 ERPs approved. 21 installations performed and 12 performance benchmarks approved. 85% of budget committed/paid.

Funds may need to be moved into P4P.

Pay for Performance, New Construction:

- 908% of cumulative lifetime MWh savings goal reached/41% committed.
- 1086% of cumulative lifetime DTh savings goal reached/152% committed.
- 14 applications received, 7 ERPs approved, 8 installations approved, 4 commissioning reports approved. 76% of budget committed/paid.

Local Government Energy Audit:

- 104% of cumulative audit reports goal reached. 52% of budget committed/paid.
- 35 new projects spanning 8 applicant entities. 13 audit reports approved.

Large Energy Users Program:

- 127% of cumulative lifetime MWh savings goal reached/9% committed.
- 0% of cumulative lifetime DTh savings goal reached/0% committed.
- 1 new enrollment received in November, 2 DEEPs under review.
- 1 FEEP under review and 3 approved (2 sent to BPU for Jan meeting). 2 new installations approved in December. 65% of budget committed/paid.

Question by Michael Ambrosio: Has any entity taken advantage of the new rule allowing LEUP participants to apply for other Programs?

Answer by Brian Deluca: Not yet; we will try to make people more aware of the change.

SEP NON-IOU:

- 10 applications committed, 3 applications invoiced, 5 applications paid.
- Over \$7,000 remaining in the budget.*

Hurricane Sandy Response Update

- 2,978 applications received, 1,517 applications committed and 792 applications approved for payment.
- 32.5 million total estimated incentive value for all received applications.

Environmental benefits

NJCEP has help save 1,845,168 metric tons of CO2.

Utility Updates

NJNG submitted their filing last month. Contractor training for January includes Manual S, Manual J and an update on Direct Install.

SJG should file by month's end. Water heater training is under consideration.

Other Business, Next Meeting

The next meeting will take place on Monday, February 9th, 2015.

Name	Company	In Person	By Phone
Adams, Ben	MaGrann Assoc.	X	
Ambrosio, Mike	AEG	X	
Bowen, Mark	Franklin Energy Services		X
Boyd, Mary Jo	CSG	X	
Burke, Kevin	Honeywell	X	
Carpenter, Joseph	NJ DEP	X	
DeAngelis, Diana	Pepco		X
DeLuca, Brian	TRC	X	
DeSeve, Julie	Conservation Services Group		X
Desimpel, Tom	CMC Energy	X	
Donohue, John	On behalf of Fuel Merchants Assoc		X
Dube, Nicole	BPU	X	
Edwards, Anthony	Techniart	X	
Ellman, Susan	NJNG	X	
Fisk, Andrew	CSG	X	
Flynn, Don	Nexant, Inc.		X
Foster, Rebecca	VEIC		X
Gennello, Joe	Honeywell	X	
Georgi, Anthony	Honeywell	X	
Gordon, Rebecca	PHI		X
Grodnick Nagle, Ann	CBI		X
Grossman, Bruce	SJG		

Haddock, Kyle	EIC, Comfort Home		X
Heise, Dani	Techniart – Energy Saving Outlet	X	
Holmes, Bill	SJG	X	
Ingelido, Richard	ConEdison Solutions		X
Jones, Sherri	BPU	X	
Lazeraton, Dave	Techniart	X	
Lesch, John	Eneractive Solutions		X
Lupse, Janja	CSG	X	
Marx, Rick	EAM Assoc.		X
Miller, Ashley	TRC		X
Missel, Fred	Willdan	X	
Monroe, Erinn	Focus On Energy		X
O'Donnell, Tony	Sustainable Jersey	X	
Palmer, Bill	Kamson Corp	X	
Robins, Pip	EMC Development Co	X	
Rogers, Dan	ICF International	X	
Rozanova, Valentina	TRC	X	
Seelaus, Andy		X	
Sherako, Jill	Eastern Heating and Cooling Council	X	
Slaten, Marisa	BPU	X	
Tantillo, Cheryl	Elizabethtown Gas		X
Teng, Elizabeth	BPU	X	
Wetzel, Linda	AEG		X
Whitman, Austin	FirstFuel		X
Winka, Mike	BPU	X	
Wong, Douglas	BC Express Inc		X
Zukas, Diane	TRC		X