

New Jersey's Clean Energy Program
Energy Efficiency Committee Meeting
Wednesday, January 23, 2008
Hosted by Honeywell – CSG/Iselin

Attendees:

In person - Mary Uschak (NJ HMFA), Paul Romano (NJIT), Rick Marx (EAM), Fred Hauber (EES), Greg Coleman (TRC), Mona Mosser (NJ BPU), Mike Ambrosio (AEG), John Stanziola (SJG), Cam Johnson (NJ BPU), Sharon Wolf (NJ BPU), Jamal Garner (NJ BPU), John Zarzyki (NJ BPU), Joe Carpenter (NJ DEP), Ben Adams (MaGrann Associates), Kim Hoff (CSG), Linda Russo (CSG), Julie de Seve (CSG), Chris Neme (VEIC), Scott Markwood (Honeywell), Bruce Grossman (SJG), Dave Holland (Honeywell), Chris Granda (VEIC), Fred Lynk (PSE&G), Walt Davis (ACE);

Via Phone - Darren Port (DCA), Tom Donadio (JCP&L), Chris Bitters (EnergySolve), Dave Nichols (Rate Counsel), Jack Lloyd (Market Strategy), Anne Marie McShea (NJ BPU), Lisa Gonzalez (CSG), Vanish (NJ BPU)

Meeting Minutes

1. Presentation by Jack Lloyd Market Strategy Research for Business Customers
Statewide survey with focus groups in Hackensack and Morristown (Committee reviewed PowerPoint presentation distributed with meeting notice);

Similar survey will be performed for the residential programs in 2008 as well during this summer.

Key takeaways from the study:

- Energy efficiency was seen as a benefit to the customers' bottom line, while renewable energy was seen as something that should be done to be a good citizen.
- Respondents supported the idea of the state being involved in this area, but most still thought that utilities did a better job than the state.
- The awareness of the NJCEP has nearly doubled over the last two years.

There is some perception amongst customers that the NJCEP C&I programs are not for small/medium sized customers. (Mike Ambrosio noted that for 2008 the BPU has approved a small C&I Direct Installation program).

Mona Mosser noted to Anne Marie McShea that the survey supports some of the program changes that were made for 2008 and further stated that it would be good if a small presentation on this market research could be given to the Board

Fred Hauber commented that the problem (with the program today) is that since the state has gotten involved payments have slowed down and there is much more red tape."
"Even at the largest companies thinking about economics is focused on payback."

Companies don't necessarily treat energy efficiency investments the same way as they do other investments in their companies.

Fred noted that there is plenty of private financing now available in the marketplace and that there is no need to offer financing through the NJ CEP program.

2. Marketing and Communications Update

Anne Marie gave a high level update on the 2008 marketing/communications front. John Zarzycki commented on an advertisement he saw in Sports Illustrated. Anne Marie clarified that this appeared as result of an advertising package with Fortune/Business Week/Sports Illustrated about NJCEP award. She mentioned that there typically hasn't been any paid advertising specifically to the business community, instead it happens through trade magazines/shows, etc..

Fred Hauber expressed his concern in that there needs to also be communications to the public explaining when things don't happen as planned. He cited the example of having the 2008 programs ready to go as of 1/1/08 through Board Order approval, but here on 1/23/08, new programs are not necessarily all up and running and it is important to communicate that too as well as the ones that are up.

Anne Marie spoke to a key objective for 2009, that is the intent to have an integrated marketing plan (across market segments/vendors) by the time that programs begin. She mentioned that it would be great if the utilities could be included on a unified calendar for their marketing efforts as well. Lastly, Anne Marie noted that the website will be increasingly important as a communications vehicle. The site will also be a way to build subscriber lists.

It was mentioned that a Community Partners meeting would be taking place on Thursday, January 24th at 1 PM in Princeton. All of the current partners were invited, as well as prospective partners.

Mike Ambrosio spoke to the concept of advanced notice regarding utility-lead marketing efforts because these tend to generate calls to the NJ CEP call centers.

A question was asked by Fred Lynk regarding the NJ Sustainable State Institute and the request to PSE&G about supplying fuel usage information to this group – Randy Solomon is also a community partners group and the utilities want to make sure that a system is set up to coordinate facility usage data that works for all but doesn't duplicate efforts. Anne Marie suggesting establishing a meeting whereby all parties could be present and a process could be worked out on this subject.

4. EMP/CRA Proceedings Update

A draft of the Staff Straw Proposal for the NJCEP 2009 through 2012 funding levels – Comprehensive Energy Efficiency and Renewable Energy Resources Analysis was

circulated to the committee by both email and hard copy (for those at the meeting). It was communicated through Mona and Mike that this draft will be discussed with the CEC and EE/RE Committees between now and March with formal hearings to be scheduled in late March into April. The ideal scenario is to have the process, including a Board Order memorializing the CRA outcome on funding from 2009-2012 concluded by June.

It was also discussed that there are a lot of other activities (a lot of balls in the air) including RGGI and utility filings whose information would be useful in informing this process as well.

Mike Ambrosio commented that Mike Winka is looking for feedback to this initial staff straw proposal. A second revised straw proposal will be developed prior to the hearings. The current straw significantly increases funding. BPU is working with NEEP to plan through the program transitions needed to achieve the EMP goals.

Commissioner Bator has noted that she wants to have a complete summary of all the spending associated with the efforts on efficiency and renewable energy, together all in one set of reports.

Mike Ambrosio suggested that future New Jersey CEP Quarterly Reports should include utility program spending as well.

Mary Uschak mentioned that the New Jersey Green Homes Office gets calls from homeowners and small businesses and can give people info about the NJCEP offerings, but doesn't necessarily know what else is going on re energy efficiency and renewable energy programs at utilities or otherwise in the state.

Dave Holland then asked of the group what role it should serve as a committee in processing the information within the Straw Proposal and reporting back out it's comments. should this committee serve? Mike Ambrosio suggested that it was this group's function is to provide informal, public feedback on Board Staff's proposals.

Chris Neme offered a comment to the Committee regarding the timing associated with adopting the results of the CRA process; mainly adopting new program funding. He said that if we start going beyond June, uncertainty will grow in the market about the program's future and we could start to lose human resources. He asked if in the absence of EMP data, would it be possible to look at 2009 as a single year, and add the additional years as the EMP is completed?

5. Legislative and Regulatory Update

(multiple handouts from Dave Holland)

Discussion picked up again from a previous meeting in mid 2007 as to this committees desire to be involved in understanding legislation and its impact on the NJ CEP programs. Discussion centered around how to get latest updates, how to process through an update and how to take action (if so desired). It was agreed that legislative updates are important to understand and a process needs to be defined on just how to do so.

Dave mentioned that he was in contact with Christopher Moffo, legislative liaison for the BPU in order that Dave and Chris could talk about how the BPU may be able to help inform this committee through existing resources and/or how this committee can help inform the BPU on issues.

Mike Ambrosio update the committee on the Tax Clearance Certificate issue stemming from a law passed through legislation in 2007 stating that any commercial entity receiving an incentive from the program must receive a tax clearance certificate.

Fred Hauber stated that the NJ renewable energy industry has hired former Governor Florio to lead an effort to review pending legislation and its potential effect on the renewable and energy efficiency industry.

6. Program Coordinator Update

Mike Ambrosio stated that AEG is completing the process of getting electronic invoicing in place.

Mike also spoke to the O&M Scope study has been in the budget for the third year running and the process of moving that along.

Discussion was held on the preparation of a “waiver package” to Treasury to cover membership fees including NEEP, CEE etc.. Mike and Mona emphasized that this should happen once in the year and that if the Market Managers needed to have something revisited/included, they should look into that now vs. later in the year.

7. Status of 2008 budget approval & contract modifications

The BPU has approved the 2008 NJ CEP Program filings and budgets at their December 20, 2007 meeting. A Summary Board Order was issued January 2, 2008 stating such. There is a more detailed Board Order pending and should be released shortly. Market Managers are allowed to move forward with 2008 Programming.

Discussion turned to Contract Modifications. Several entities have contract modifications submitted to the OCE in order to complete work on the 2008 Programs that was not currently provided for in their contracts. Treasury is still reviewing these documents and the OCE hopes that the Board will act on these at their February 1st Board meeting if possible.

It was discussed that the Market Managers do require the contract modifications to be approved prior to starting up new programs and/or making certain changes to the current programs offered.

8. 2009 Program Planning/ Budget Process

This was discussed in section 4 above. It was suggested that we need to start this process much sooner this year than we did last year. Mona expressed having the process complete prior to November.

9. Organization Updates (NEEP, CEE, etc.)

Scott Markwood reported out on the latest goings on with NEEP and CEE as related to the residential market. Chris Granda reported out on Program for Evaluation and Assessment for Residential Lighting (PEARL) latest cycle testing.

Ben Adams of MaGrann added that ACINJ Conference planning has begun.

10. Program Updates

Utilities

PSE&G made a filing in early December for a \$5 million pilot EE program with several objectives. PSE&G is looking to add these programs to the rate-base in order to recover costs as well as earn a rate of return. Programs designed to:

1. Serve hard-to-reach inner-city customers in Trenton and Newark
2. Provide on-bill financing
3. Demonstrate unique customer relationship PSE&G has with its customers
4. Use unionized work force
5. Focus on hospitals and warehouses

Specific services include

1. Residential energy tune-up programs (field staff from outsourced entity)
2. Programmable thermostat installation program (includes CFL Direct Installation, design to utilize and be delivered through PSE&G service technicians)
3. Small business Direct Installation program (outsourced vendors to deliver)
4. Warehouse lighting solutions with GE and Orion
5. Working with hospitals, doing audits and targeting opportunities with less-than-7-year paybacks.

PSE&G has also filed an advanced metering infrastructure pilot.

Fred Lynk indicated that the discovery process has begun and that PSE&G has received questions from the OCE.

Fred Hauber made a statement that as described, PSE&G's plan can interfere with the proposed NJ CEP programs delivered through the Market Managers?

Fred Lynk reiterated that in order to meet the Governor's goal of 20X2020, there is a need for all hands on deck and PSE&G wants to test concepts and see if they can help. He mentioned that Sue Ringhoff will be working on the effort with Fred.

Mike and Mona stated that we need to use all resources, but don't want competing programs.

Dave Holland mentioned the importance and need to pay attention to marketing and messaging and make sure that customers aren't confused by the two (PSE&G, NJ CEP) offerings.

Dave Nichols representing Rate Counsel wondered why the PSE&G and Atlantic City Electric ideas couldn't have been included in the Market Manager proposals for 2008.

South Jersey Gas

Bruce Grossman gave an update on the status of Comfort Partners. Mentioned that the utilities were dealing with administrative and accounting changes with Treasury. Otherwise business as usual and working to meet goals.

Atlantic City Electric

Walt Davis gave an update on Atlantic City Electric's filing to the BPU asking (amongst other things) to resume the administration of the energy efficiency programs within its service territory. Walt also gave an update on ACE filing also included AMI.

C&I –

Greg Coleman of TRC verbally reviewed a PowerPoint presentation(see presentation, though Greg didn't go through it.)

Greg gave a status of contract mods from TRC's perspective. He indicated that they were under review and require no additional information from TRC. It was his understanding that Treasury plans to finish review "very quickly", but no date provided by Treasury. Greg assumes that it will be less than 30 days to get final approval. Mona noted that the next Board meeting is 2/1/08 and that the BPU is hoping to have Treasury approval by then so that it can be approved. Greg says that if the Board approves on 2/1/08 then they will still be able to introduce the new program by 4/1/08.

Residential Updates

Scott Markwood provided the following updates on the Residential programs.

Residential New Construction Program – Goals for 2007 were achieved. This year's goals will be a challenge because of the market, and because requirements are more stringent and incentives are lower.

HVAC – Participation on the Central Air Conditioner side came in about 65% of what we had projected in '07. It is believed that this is due to dramatically lower sales in air conditioning overall as shared with us by the industry as well as higher unit costs due to new minimum federal efficiency spec. It looks like more older units are being repaired, rather than replaced. Participation on gas heating systems was exceeded. Several pilots originally scheduled for '07 didn't happen because contract mods for them didn't come through.

Efficient Products – results still coming in about lighting participation. Preliminary numbers are 1.8 million CFLs. The final number will probably be around 2 million. We exceeded goal on Room Air Conditioners but under ran the Clothes Washer goal.

Windows Training – back on the agenda for '08.

Home Performance with ENERGY STAR - finished with only 20 completions in '07.
Signed up many contractors.

10. Other Business/Future Meeting Dates:

No other business was discussed, future meeting dates proposed are:

Future Meeting Dates	Location	Time
February 22, 2008	CSG, Iselin Office	9:30 – 1:00 p.m.
March 18, 2008	CSG, Iselin Office	9:30 – 1:00 p.m.
April 15, 2008	CSG, Iselin Office	9:30 – 1:00 p.m.
May 21, 2008	CSG, Iselin Office	9:30 – 1:00 p.m.
June 17, 2008	CSG, Iselin Office	9:30 – 1:00 p.m.

* Note, where possible, we have attempted to schedule for the third Tuesday of every month. However, there were some factors (Board meetings, room availability) that required alternative dates to be chosen.