New Jersey's Clean Energy Program (NJCEP)
Energy Efficiency Committee Meeting
Monday, November 15, 2010
Hosted by Honeywell – CSG, Iselin

Introductions

Program Coordinator and Regulatory Updates

Presenters: Mike Winka (BPU) and Mike Ambrosio (AEG)

Presentations: 2011 DRAFT Budgets

1. The Board held a Public Hearing last week on the 1) 2011 Budgets and Programs and 2) Transition issues. There were not a lot of comments on the Transition issues other than from the Utilities, most of the comments submitted were on the 2011 Programs and Budgets.
    a. Comments on 2011 Programs and Budgets are due by the close of Wednesday, November 17th.
    b. Comments on the Transition are due by the close of Friday, November 26th.
    c. Staff will then develop final recommendations and look for approval at a December board meeting.
2. The contract modifications to extend Honeywell and TRC contracts are with Treasury now.
3. There were a number of proposals put forth at the hearing last week. Staff will be reviewing and making final recommendations in the next week or two.
    a. A new program proposal that will be discussed today.
    b. Numerous suggestions of moving dollars from different programs.
4. NJCEP Budgets assume the continuation of the Utility Programs. In particular, if a customer in Home Performance applies for a rebate and a loan, the loan component is paid for by the Utilities.
    a. NJNG extended its program.
    b. SJG is good through to April and will submit an extension this week.
    c. Etown has a proposal to extend pending with the Board.
        1) Mona Mosser (BPU) – A letter went to Elizabethtown saying they did meet the min. requirements for the filling and the 30 day re-filing meeting was waived, but the 180 days was not waived. She commented that it is very important to get this wrapped up by the end of the year.
5. The budgets were built assuming that the 3 gas programs will continue to pay the buy down. If they do not continue then the way the NJCEP is written is that the NJCEP will pay wherever there is not a Utility loan program. That would require changes to the budget then.
6. There is $17M in the ARRA SEP's that were initially set aside to provide the programs to customer's who are not covered by the NJCEP program, such as oil, muni/co-operative customers., etc. .Activity in that area has been very slow. Early this year, the Board also approved expanding these budgets when some of the NJCEP budgets were running low to keep those programs going, such as for Home Performance, Direct Install and Pay for Performance. However, none except for Home Performance have hit the NJCEP budget cap so that ARRA money has not been spent.
    a. Therefore, Mike A wants to spend some of today talking about how to spend some of that money next year or else it will go away.
        1) Mona Mosser added that they recently met with the Governor's Task Force about ARRA spending and the Task Force is concerned that money has not been spent in some program areas. So people are looking at the possibility of re-programming some of those funds (particularly the Direct Install and Pay for Performance funds and maybe also the LGEAP) to other programs where the money would be spent more quickly. They are

concerned about the deadlines so there needs to be some serious discussions about what is in the pipeline.

2) Mike A added that he wanted to discuss the supplemental piece that states on January 1st we have to stop spending and then again wait to cap out on the NJCEP budget. He also noted that he asked TRC possibly look at creating a new program track, stating that TRC's proposal for EECBG for this year is for 512 muni's and local government entities that are eligible for a $20K grant. They want to propose that any entities that did apply this year can reapply next year for another $50k to make sure that money gets spent. Any funds for munis not applied for this year will go back into the pot for next year. Mike questioned TRC if they can create a new program track where the non-EECBG component of those projects can be paid for with the ARRA SEP.

    1. Rubin Brown (The E Cubed Company) asked how many have applied so far. Mike A responded about 180 have applied so far and that they are starting to come in more rapidly now. Anne Marie Perracchio (NJNG) added that it will be a huge focus this week with the League conference in Atlantic City.

7. 2011 Programs and Budgets (Mike A using the 2011 DRAFT Budget Presentation)

    a. Overall, it is a 'zero sum game'. Any programs whose budgets increase, money has to come from one of the other programs.

    b. Anne Marie Perracchio – Asked if the $20M proposal intended to be part of the $30M in competitive solicitations or did it really require a shuffling around of everything? Mike A responded one component of that is if Staff is going to support the proposal and if so at what funding level. One of the things that need to be talked about is that these customers are now eligible for Pay for Performance and SmartStart and if they were to participate in the Pilot program they are no longer eligible for Pay for Performance and SmartStart. There would be a lot of program details to work out. Mike W added that they do not believe they could work out all the program details for the Board for mid December so it will probably be carried over to the 1st Q.

    c. Alice Napoleon (Representing Rate Counsel) asked about if someone could speak on the factors looked at when reducing Comfort Partners Program – Mike W said that one of the biggest factors is the high administrative costs. Mike A added that when the State appropriated some our funds we had to look everywhere for money. However, another factor is that the weatherization program received $118M in ARRA funds so there was hope that they may be able to pick up some of the slack.

        1) Mike W advised they have instructed Comfort Partners is to reduce administrative funds. Bruce Grossman (South Jersey Gas) responded that they have, but that it is not that easy. He added that they advised all the vendors to reduce their admin costs and that the overall reduction will mean a reduction of approx. 1700 homes and loss of jobs.

        2) Anne Marie noted that there are elements to the high admin costs for this program that specifically relate to what this program does and that it is for customers that have the highest energy burden and trying to get into their homes. They are going after customers, instead of customers coming to the program on their own.

        3) Colleen Makowiecki (First Energy) on the phone added that the USF customers are hard to reach and that they have to market to them differently and more diligently. .

            a. The team is trying to reduce administrative costs.

            b. Noted on a proposal from a few years ago that suggested that all USF customers have to do Comfort Partners with exceptions allowed so as not to penalize customers in certain situations. That proposal was dropped.

                i. Mike A noted that the Utilities have proposed this two years in a row.

                ii. Mike A – Noted that overall these were tough budgets this year. No one received the money they were expecting. Staff scrubbed everything that was not a 'core' program. Additionally, there was not as much carry over as there had been in the past. Overall there were a lot of things that we wanted to do that we couldn't do.

                iii. Mike W – We won't know until January what the carryover will be. Mike will follow up with Kristi Izzo.

iv. Tom Sillars (Isles) – He is confused on 2 aspects of this 1) On Wednesday there was a Grant Solicitation that came out - What budget is that coming out of? Mike A noted that the Funding by Budget Category of $319M in the presentation notes State Appropriation. So yes, this comes out of the NJCEP budget. Mike Winka - This is from the legislative mandate that we have to either provide it to NJ Shares or NJ Shares like entity. It is out to bid. We have the option to take it from USF or NJCEP.

4) Alice Napoleon asked about the DCA $118M and how it is different from what they usually get. Ambrosio and team were unsure, but they knew it was less than $10M.

   1. Mike A – One of the questions he has on the DCA's inability of spending the money will there be a possibility if reallocating their money.

8. Staff has been in discussion with the State's largest energy users and how they line up with the C/I Programs. They pay into the SBC and are large corporations with their own in-house energy teams with technical expertise, so they argue that by the time they send in the application they have already vetted it through those expert teams. Once they submit an application to TRC they run into delays in the processes or other factors are coming into play that makes it difficult for them to participate in the program. They have proposed a Pilot program whereby they supply those internal plans and then they could apply for a portion of the funds that would be set aside for this. This allows a budget to be set aside for them. Mike A thinks it would be interesting to find out if they would be interested for the EDA loan program. Mike W says the feedback seems to be that they are primarily interested in the pay back as they have their own financing.
   a. Barbara Piece asked if the pilot would also support renewable projects. Mike A said yes the proposal includes all of that also noting CHP and maybe even load control. He added that currently these groups are not eligible for a solar rebate because the SREC's are sufficient. His inclination is that they would maybe not want to include solar in this, but include wind and biomass.
   b. The question was asked as to what does 'sustainability' mean in this proposal. Ambrosio said that he needs to look into that definition.
   c. Anne Marie Perracchio asked for clarification as to whether this is one of the pieces they have to submit comments on by the 17th. Ambrosio said he thought it was.
   d. Elaine Bryant (PSE&G) asked if it is assumed that these projects would also be subject to an impact evaluation in the future the same way that the standard portfolio is. Mike A responded that that was his assumption. He believes the Staff is pushing to have that concept in there.
   e. Joe Gennello – How many projects are they proposing or how did they arrive at $20M? Mike A said it is a Pilot. He believe they looked at the definition of a large customers and how many companies would be eligible with that definition and how much they pay into the NJCEP fund. As he understands it if all of the entities were to apply at the full amount the $20M would not be enough. However, there would have to be some sort of first come first serve element. However, he has not verified the $20M; this is their proposal and number. He added that there is interest in it as several others have come forward that were not part of the proposal group. Joe Gennello then asked where this money coming from. Mike Ambrosio said that is what will be discussed in Thursday's meeting.
9. Clean Power Choice – There needs to make a call on the utilities $68k they have in their proposal and make a decision if it will stay in and where it comes from.

Commercial/Industrial Programs

Presenters: Roger Kliemish and Brian Deluca (TRC)

Presentation/Handout – C&I Market Manager EE Meeting Presentation November 15, 2010

1. TEACH:
   a. 75 schools recruited in 2010 within 8 districts and 35 benchmarks
   b. This program will be discontinued in 2011 however the schools will not be completely abandoned. There will be offered benchmarking services to K-12 under sector specific. Post benchmarking report on NJCEP website for ESCO's to offer solutions through A1185.

1) Barbara Piece – Will there be any educational tools still available? Brian Deluca responded that there are free resources available on the website.

2. Direct Install – Started off slowly, but is at a fast pace now. Participation has increased since the last meeting

   Proposed Changes:

   a. Peak Demand reduced to less than or equal to 100kW from less than or equal to 200kW.

   b. At Staff's direction (pending guidance from the Board regarding program transition) re-bid participating Contractor services.

   c. Goal is to increase number of contractors; restructure regions, allow more flexibility in project assignments and reduce contractor pricing.

   d. TRC has the option to conduct energy assessments, eliminates need for pre-inspections, improves the ability to manage backlog and allows contractor to focus on installing the measures.

3. LGEAP – Move buildings of less than or equal too 100kW over into Direct Install. However, requests for exceptions (with sufficient customer justifications) may be evaluated and approved by the Market Manager. Having more buildings moving through the Direct Install program will lessen the amount of audits being completed and save the Program fees for processing.

4. Pay for Performance – Activity has taken off dramatically. The partners are getting more and more comfortable with what they have to do.
   - 117 apps received (78 approved); 31 ERP's received (17 approved/2 rejected/3 in final review/9 under initial review) Average ERP takes approx. 4 – 6 months.
   - Program to date, existing $/ERP/project is about $350k, if 99% move ahead. Potential NJCEP incentives (YTD) are about $40.25M.

   Proposed Changes: (TRC looking for feedback and comments)

   a. Lower monthly peak demand threshold from >200kW to >100kW

   b. Pay 50% upon completion and remaining 50% for actual results

   c. Identify partners metrics/accomplishments on website

   d. Drive LGEAP entities to ESIP where appropriate.

   e. Industrial projects that generate sufficient savings can qualify for incentives (waiver of 15% level savings)

   Large Customer Option:

   f. Limit to sectors (e.g., manufacturing, pharmaceutical, chemical)

   g. Manufacturing and/or processing loads use greater than or equal to 60% of energy.

   h. Minimum energy savings of 100,000 kWh, 350 MMBTU or somewhere between 4 – 5% of total facility consumption whichever is greater.

   Revised Partner Criteria:

   i. Set additional guidelines to maintain eligible, active partners. Existing partners active 1 year or greater with no applications in the pipeline to be removed from program. Partners must submit proof of modeling expertise on their team. Allow entities in-house engineering staff to become Partners for their projects.

5. SmartStart for 2011:

   a. Reduced scope of service by eliminating training on energy efficiency building management and technical assistance.

   b. Provide benchmarking to help customers determine the need and prioritization of energy efficiency improvements.

   c. Reduce scope of services by eliminating technical study incentives and comprehensive support incentives.

   Prescriptive Lighting:

   d. T12 phase out

e. T12 to T8 replacement/retrofit requires HPT8 or RWT8 system for incentive
f. Eligible HPT8 & RWT8 systems must be on CEE qualified products list
g. Fixture or lamp must be listed by UL listed or other OSHA approved nationally, recognized testing labs (NRTL's) in accordance with applicable US standards.

Prescriptive LED Lighting:

h. Continue to move custom measures to a prescriptive application.
i. LED fixture must be listed on ENERGY STAR or design lights consortium qualified products lists.
j. For replacement of incandescent, fluorescent and HID only.
k. LED's categories not listed by ENERGY STAR of DLC qualified products will not be evaluated through customer for incentive eligibility.

Prescriptive LED Lighting:

l. Revise minimum efficiency standards per Federal requirements – Independent and Security Actor of 2007 (EISA)
m. Other: Motors >200HP, continue to be evaluated under custom.
n. Customer to Prescriptive Incentives = VFD's for exiting cooling tower fans > 10HP ($60/HP).
o. Revise gas water heating (<50 gal.) efficiency from .62 to.67.

Refrigeration:

p. Refrigeration doors/covers and control applications (details in the presentation)

Custom

q. Revised minimum savings requirement language.

6. ASHRAE Changes detailed in the presentation.
7. Budgeting: Budget numbers detailed in the presentation.
    a. Availability of EECBG funds – The funds no longer reserved for all entities. Will be on a first come, first serve basis. Higher funding at $50k per entity. There will be a new 'perfect model' at $125k. Direct Install will provide 60% or $75k for projects and EECBG will provide the remaining $50k.

Residential Programs

Presenters: Dave Wolk (Honeywell) and Joe Gennello (Honeywell).

Handout: Residential Programs Progress toward Goals Statewide Results YTD October 2010, New Jersey's Clean Energy Program DRAFT 2011 Residential Energy Efficiency & Renewable Energy Programs Plan November 15, 2010 & V3 Home Performance with Energy Star

1. Current Program Results
    a. COOLAdvantage – Program has been booming. After the 2 realignments we lowered our goals, but we are actually now closer to our initial goals. He will be submitting a request for reallocation. Anne Marie Perracchio suggested the possibility of using ARRA money.
    b. WARMAdvantage – Program is trending below goal.
    c. Room AC – Summer program has ended slightly over goal. At this time sill processing final ~1k. Mike A asked if the retailers have been notified that there will not be a rebate next year, noting their need to plan for inventory. Honeywell will get communications out.
    d. Clothes Washers – Above program goal and is a strong program.
    e. SEEARP Completions for dishwasher and refrigerators – Extended and will extend each month to year end if necessary to finish up funding.
    f. Dehumidifiers – Slightly above goal.
    g. CFL – Running just slightly ahead of goal.

h. Appliance Recycling – Under target.

i. RNC – Heard this morning that the program goals may be off in this presentation.

j. Community Partners – Discontinued in 2011.

k. Home Performance – Under goal with ~5k enrollments with Tier III completions just under 3,500.

Why the drop in participation? Dave Wolk said there were a number of factors including 1) numerous program stops and starts, 2) decrease in incentives, 3) an exceptionally hot summer causing more repair/maintenance/service business and 4) with the regular rebates, plus the utility enhanced rebates it was easier just to go through those programs. Plus contractors have cash flow issues and need money faster. Mike W added that they understand and want to pursue possibilities to help with that issue.

Greg Fontaine (A&E Construction) – Does anyone know how many apps have been filed under the newer incentives? Janja Lupse noted that the weekly reports are filed on the website. Greg added that WARM and COOL spikes seemed to be that this program did not seem to be very attractive. Janja responded that it was more than that and there were a number of factors.

Greg added that he felt that there was not a need for 10 inspections for new contractors noting that he felt the resources for these inspections could be used for other items, such as coaching/mentoring. Ultimately, the response from the team was there is no consideration at this time to remove or reduce the requirement for 10 inspections. However, there is a need to better communicate to the contractors when an inspection is scheduled so that those sessions can become coaching sessions.

1) Janja Lupse (CSG) –

   i. As of end of October:

      - 211 Work scope approvals sent to contractors.
      - 200 QC inspections performed
      - 373 completed and processed comprehensive work scopes
      - 190 air sealing only projects
      - 73 incentives processed for audit only projects

   ii. The pipeline summary as of November 12, 2010 is 809 work completions.

   iii. Loan Activity as of October 31st is 2342 approved, 933 denied and 262 pre-approved. Total of 3,537.

2) Mike W advised that they do not foresee bringing back the rebate on the audit fee. Anne Marie Perracchio had an idea about having customers go online and do a free audit first to identify whether or not they have any potential savings first.

Other Business, Next Meeting

- The Transition – Mike W said there is a White Paper out that lays out all the options. He can say that everything is still open and that the Administration is heavily looking at the Energy Efficiency Utility structure as the preferred option and is talking to other states at how that would work, and if they would need legislative action. Nothing is cast in stone.
- Next Meeting – Tuesday, December 7th. Location TB**D**

Today's Attendees:

Name	Company	In Person	By Phone
Ambrosio, Mike	AEG	X	
Boyd, Mary Jo	CSG	X	
Brown, Rubin	The E Cubed Company		X
Bryant, Elaine	PSE&G		X
Carpenter, Joseph	NJ DEP	X	
Chaplin, Dawn	Honeywell	X	
Courtney, Jim	AEG	X	
Cristofolo, Angelo	Air Group LLC	X	
DeLuca, Brian	TRC	X	
Deverakanda, Puja	Opower	X	
Dolan, Brian	Intellidyne	X	
Donadio, Tom	JCP&L		X
Firari, Fairlie	TRC		X
Flannery, Mike	Magrann	X	
Fontaine, Greg	A&E Construction		X
Gennello, Joe	Honeywell	X	
Grossman, Bruce	SJG	X	
Haddock, Kyle	EIC, Comfort Home		X
Hambric, Steve	Opower	X	
Hunter, Scott	BPU	X	
Kliemisch, Roger	TRC	X	
Kuhn, Nikki	VEIC		X
Lupse, Janja	CSG	X	
Makowiecki, Colleen	FirstEnergy Corp.		X
Markwood, Scott	O&R		X
Marx, Rick	EAM Assoc.		X
McAllister, Bob	McAllister		X
McCleery, Doug	Magrann	X	
Mitchell, Allison	BPU	X	
Mosser, Mona	BPU	X	
Napoleon, Alice	Synapse Energy Representing Rate Counsel	X	
Paine, Karen	TRC		X
Patraju, Ravi	NJEPA		X
Pecora, Tom	Honeywell		X
Perracchio, Anne-Marie	NJNG	X	

	Pierce, Barbara	NJEDA	X		
	Port, Darren	DCA		X	
	Puma, John	Kamson Corp	X		
	Schoen, Scott	Beehive Htg & Clg	X		
	Siebens, Chris	First Energy Corp.		X	
	Sillars, Scott	Isles		X	
	Solomon, Randy	Sustainable Jersey	X		
	Teng, Elizabeth	BPU	X		
	Weiner, Elizabeth	CSG		X	
	Wetzel, Linda	AEG		X	
	Winka, Mike	BPU	X		
	Wolfe, Sharon	BPU	X		
	Wolk, Dave	Honeywell	X		
	Zukas, Diane	TRC		X	