

New Jersey's Clean Energy Program Energy Efficiency Committee Meeting November 10th, 2015

Program Coordinator and Regulatory Updates

Elizabeth Ackerman, Sherri Jones, Mike Ambrosio

Updates on Filings, Board Orders and Regulatory Items:

Per Betsy Ackerman (BA): The AEG team has been awarded the Program Administrator contract, and there were no protests filed during the protest period. The new contract is targeted to be effective on December 1st with a 90 day transition period running thru the end of February. This is a three year award, with the possibility of three one-year extensions.

For the upcoming November BPU Board meeting, Energy Efficiency items for consideration are:

1. Staff is seeking contract extensions from the current Market Manager and Program Coordinator teams for 90 days, thereby extending the transition period to 180 days. The goal is to get the new IMS system up and running by the end of the transition period. A component of that is an online application coordinated w/the new website.
2. Board will consider the "True-Up" budget which reconciles actual expenses and estimated expenditures through the end of FY15. There are approximately \$7M in additional funds then what was estimated due to unspent funds and income from EDA programs (loan programs) that had been repaid. The budget will also create new line items for 1) new marketing RFP \$6M line item and 2) transition expenses that can be billed. Staff intends to go to the Board in December with budget reallocations.
3. LED surface lighting at State facilities. \$3M in ARRA funds that were unspent for Demand Response programs. \$1.8M of the \$3M to initiate a parking LED lighting program.
4. Pay 4 Performance Project in Journal Square, Jersey City. \$670,000 project in incentives.
5. Solar related agenda items, amendments rules.

Per Mike Ambrosio (MA): AEG and Energy Futures Group (EFG) will focus on planning, budgeting, program evaluation. They will also propose and develop a strategic plan. On the implementation side, TRC will continue to manage the C&I programs with the exception of CHP. Clear Result (formerly CSG) will continue to manage HPwES and will also oversee the RNC and HVAC programs. ICF will be managing the Products program and CHP. Energy Storage/Biomass and REIP will be combined and also managed by ICF. AEG will be handling the SRP registration of the REIP program. The Program Administrator RFP requires AEG to submit an Outreach Plan for Staff consideration within 60 days of contract award.

Per BA: As it relates to online applications, the goal is to not only reduce paper but create a more transparent process for tracking the submission, review, approval and payment process of rebates.

Regarding the Strategic Plan, once we get through the "weeds" of the transition, Staff will focus on the Plan. The version included in AEG's proposal is a draft, and the intention is for Staff and the new team to review the plan during/after the transition. The Board would like to have more explicitly clarified goals and objectives. In an ideal world this would enable us in FY17 to revamp programs and have a different portfolio. MA noted there are a number of short term changes that can be done relatively quickly starting in Jan/Feb of FY17 process. The goal of the Strategic Plan is to develop a 3 to 4 year plan.

MA: Reviewed PowerPoint slides displaying the True-Up budget and how FY2015 ended. Highlights include:

- New funding that can be added to the FY16 budget approved by the board is \$4.4 Million.
- Close out of FY 15 \$479M. Actual Expenses \$337M. \$141M Carryover.
- Revised FY 16 Budget \$492M. \$160M already committed. \$203M remaining.
- On EE side, budgets remain unchanged.
- For CHP fuel cells, \$1.1M in carryover will increase budget for backlog of apps.
- For RE side, no changes to budget.
- \$1.1M for program transition and marketing \$6M.

We did receive a couple of public comments on this and they will be addressed:

- What was the justification for \$6M for marketing? Marketing is unknown yet, general push for additional marketing for years. Board has approved increased marketing budgets but haven't been able to do it. BA - Difference w/this RFP is that we give them a budget and bidders tell us what they can do with it. It will be a 3- year \$6M annual contract. This is why we needed a separate line item for marketing. Page 54 of last year's CRA had a chart of what our peer programs spend on marketing. We spent 0.9% while the industry average is 5 to 7%. With this \$6M ours will increase to 2% and we are committed to building this budget over time.
- The other issue was the \$1,157,694 budget for transition. This number is not final but we needed a line item to bill against.
- The TRUE Grant budget is pre-funded and not all the money was spent and they returned to us \$900K. Remaining balance is \$6.2M and we will provide Rate Council an accounting.
- On CHP program, as of 9/30/15, there were \$13.7 in committed expenses. \$8.0M revised FY16 budget less commitments. Question from Charlie Fox (CF): Where can the public look right now to see what is actually remaining in the budget? MA reply: A report is in development which will show you the starting budget, commitment dollars, and the pipeline of projects that have the priority in the queue for the remaining budget. The report will be posted once we get the required approvals. MA noted that the budget is a constantly moving target – as projects may cancel. BA said that the CHP program saw very little activity in the last 3 years. However, since Staff proposed its budget in June, we saw a surge of over a dozen applications totaling over \$15M. Reserving the funds in the past wasn't a problem but now it is.

With the recent notification about the ERB including hospitals, is there no more room for CHP in hospitals? Are there grants in the Clean Energy program specific for hospitals? Seems like the FY16 budget is over-allocated. BA Reply: No, Clean Energy is not specific to an end-user. Where there are hospitals in the queue, we have notified the ERB, that these are in our CHP queue to see if these projects perhaps would be better served as part of the ERB program.

Commercial & Industrial Program

TRC Team

- CHP Ops Manual: Changes being proposed: When an application is received, it is reviewed for completeness. If anything is missing or not signed, TRC will notify the applicant that it is deficient and will define what needs to be submitted in order to be deemed completed and placed in the queue. Also, currently, customers with deficient applications have 90 days to respond to our requests. Moving forward, the customer/contractor will have 30 days to respond and TRC will have two weeks to review. If the application is still deficient, there will be a second opportunity to submit the information to TRC with TRC having two weeks to review it. If deficient a third time, the applicant will have to reapply to the program with a complete application in order to reserve a spot in the queue. This process will be shared for public comment.

- Fiscal Year 2016 Program Results – FY16 through October

C&I Retrofit

- 55% of Installed Goal for MWh Savings; 69% of Committed Goal for MWh Savings
- 10% of Installed Goal for DTh Savings; 83% of Committed Goal for DTh Savings
- \$6.7M of budget remaining with 86% of budget committed/paid

C&I New Construction

- 1% of Installed Goal for MWh Savings; 78% of Committed Goal for MWh Savings
- 43% of Installed Goal for DTh Savings; 107% of Committed Goal for DTh Savings
- \$929K of budget remaining with 59% of budget committed/paid

C&I Direct Install

- 52% of Installed Goal for MWh Savings; 46% of Committed Goal for MWh Savings
- 51% of Installed Goal for DTh Savings; 55% of Committed Goal for DTh Savings
- \$13.8M of budget remaining with 62% of budget committed/paid

C&I CHP – FC

- 12% of Installed Goal for MWh Savings; 57% of Committed Goal for MWh Savings
- 18% of Installed Goal for DTh Savings; 43% of Committed Goal for DTh savings
- \$813K of budget remaining with 85% of budget committed/paid

C&I Pay for Performance Existing Buildings

- 48% of Installed Goal for MWh Savings; 22% of Committed Goal for MWh Savings
- 67% of Installed Goal for DTh Savings; 20% of Committed Goal for DTh savings
- \$10.7M of budget remaining; with 68% of budget committed/paid

C&I Pay for Performance New Construction

- 30% of Installed Goal for MWh Savings; 9% of Committed Goal for MWh Savings
- 29% of Installed Goal for DTh Savings; 12% of Committed Goal for DTh savings
- \$5.2M of budget remaining; with 66% of budget committed/paid

Marybeth Brenner of TRC – The Board approved the Investor Confidence Project (ICP) pilot in Pay for Performance (P4P). TRC is targeting a December launch and is working on revising the P4P application to allow customers to opt in to the pilot. BA – As a reminder this P4P pilot provides enhanced incentives as a result of the additional M&V needed after the P4P project and documentation that is needed. Would like to encourage our partners to participate in this pilot. NJ was the 1st to adopt the ICP protocols.

C&I LGEA:

- 22% of Goal for Audits Approved with \$1.6M of budget remaining and 28% of budget committed/paid

C&I LEUP:

- 18% of Installed Goal for Lifetime MWh Savings; 4% of Committed Goal for MWh Savings
- 0% of Installed & Committed goal for DTh Savings; \$6.9M of budget remaining
- 59% of budget committed/paid

C&I SEP Non-IOU:

- \$476K Available funds in DI only and \$2,212.24 in remaining funds

C&I Sandy Relief:

- 458 apps committed; total incentive value of \$7.9M.

- 1,555 apps approved for payment; total incentive value of \$17.1M.

C&I Environmental Benefits:

- NJCEP has helped save 1.1M metric tons of CO₂.

Residential Program

Honeywell Team

- Proposed Residential New Construction process changes

Maurice Kaiser – Mid Year Proposed Changes

Total RNC Budget is \$13.9M; \$12.2M or 90% of Budget is Committed with remaining \$1.3M for Rebates.

Honeywell has received a large influx of enrollment requests which exceed the FY16 budget. Honeywell has consulted with the rater community and is proposing the following changes in order to target projects that are built and completed within the FY. This approach will be distributed for public comment.

Proposed Enrollment Changes:

- Single family (SF) projects will be required to submit a valid permit and plans with the unit's address clearly referenced on each document.
- SF projects must complete a pre-sheetrock inspection within 60 days of being enrolled.
- Multi-Family, Multi-Family High-Rise, Multi-Single projects must submit a valid permit and plans with the unit's address clearly referenced on each document.
- Projects enrolled between 9/1/15 to 6/30/16 will be given a D# without a commitment unless the project is publically funded and the financing source requires proof of a commitment in order to be financed.
- Projects will be held to the program requirements and be eligible for the incentives available at the time of their enrollment.

Proposed Commitment Changes:

- In order for legacy projects to retain their commitment, they will need to meet the new enrollment requirements prior to their expiration date. If they cannot meet the new requirements the project will be deactivated and removed from the program. The project will be allowed to re-enroll when it is able to meet the new enrollment requirements and will be eligible for the incentives in place at the time of re-enrollment.
- Commitments will be valid for 2 years. Commitments will automatically expire and projects will be deactivated and removed from the program two years from the enrollment date.

Proposed Rebate Changes:

- Enrolled projects that did not receive a rebate commitment that submit their final package prior to 6/30/16 will be paid incentives in the order they are received to the extent there are funds available.
- In the event a subsequent program year increases incentive levels, projects already enrolled will not be eligible for the higher incentive levels. Projects will not be allowed to deactivate and re-enroll.

Ben Adams of Magrann: Only question I have is for multi-family buildings that are in process at the 2 year mark, but units are not completed, would still submit for a waiver?

MK – Yes, a waiver request would have to be submitted.

AMP – Just curious to the DCA changes that came out in September, does that automatically change processes within the RNC program?

MK – We are evaluating that right now, some changes may be needed. MF Highrise is thru EPA and they have language that if a State adopts the 2015 code they would have to be a % above for ASHRAE or some other criteria.

Ben Adams – 2015 code was adopted with specific tweaks to NJ. The ERA code will be more of a stretch code.

Fiscal Year 2016 Program Results

RNC:

- 34% of Plan for MWh Savings; 25% of Plan for DTh Savings
- RNC Enrollments 2,654 vs goal of 5,525; RNC Completions 1,151 vs goal of 2,664

HPwES:

- 51% of Plan for MWh; 63% of Plan for DTh
- Single Family completions 2,167 vs goal of 3,750; Multi-Family 79 vs goal of 1,250

EE Products:

- 13% of plan for MWh Savings; 33% of plan for DTh Savings
- Dryers 680 vs goal of 2,500; Washers 4,899 vs goal 26,498
- Fridges 2,526 vs goal of 5,300; Lighting 378,967 vs goal of 4.4M
- Fridge Recycling 2,689 vs goal of 10,250

HVAC:

- 29% of plan on MWh Savings; 39% of plan on DTh Savings
- Cool 1,587 vs goal 10,818; Warm 7,025 vs goal of 16,123
- Total 8,612 vs goal 26,941
- SEP Cool 3; SEP Warm 315

Hurricane Sandy Response Update:

Total 6,693 applications received totaling incentives of \$4.2M.

Utility Updates

NJ Natural Gas:

- Environmental Defense Fund fellows again this Summer.
- Kickoff for the Powersave School program - Poster/video contest.
- Launching for thermostat program early next year.
- 600 HPwES jobs are waiting completion. 4.99% interest rate term 8 jobs, majority are the 0% interest rate term for 7 years.
- Contractor training on best practices this Friday.
- O-power expansion to low income customers and previous SaveGreen participants that have not pursued whole house.

SJG – Nothing to report.

PSE&G – not in attendance.

Other Business, Next Meeting

- December Meeting – 12/8/15

**Energy Efficiency Committee Meeting
 Tuesday, November 10th, 2015
 Hosted by Honeywell – NJBPU Trenton**

Name	Company	Please check off	
		In Person	By Phone
Ackerman, Elizabeth	BPU	X	
Adams, Ben	MaGrann Assoc.	X	
Almedia, Jack	FSG	X	
Ambrosio, Mike	AEG	X	
Baron, John	CMCMUA		X
Benner, Mary Beth	TRC	X	X
Burke, Kevin	Honeywell	X	
Carpenter, Joe	NJDEP	X	
Carpenter, Joseph	NJ DEP	X	
DeLuca, Brian	TRC		X
Ellman, Susan	NJNG	X	X
Flynn, Don	Energy Program Advisory Services, LLC		X
Foster, Rebecca	VEIC		X
Fox, Charlie		X	
Fredericks, Jim	SJG	X	
Georgi, Anthony	Honeywell	X	
Gharbi, Kim	ClearResult		X
Grossman, Bruce	SJG		X
Hansen, Amy	NJ Conservation Foundation		X
Heise, Dani	Techniart – Energy Saving Outlet	X	
Herron, Kate	Clean Markets	X	
Hoff, Kim	CSG		X
Jeffrey Burger	Wildan Energy	X	
Kaiser, Maurice	Honeywell	X	X
Kleuver, Amanda	EFS		X
Lupse, Janja	CSG	X	
Mastmospasqua, Michael	Lime Energy	X	
Perracchio, Anne-Marie	NJNG	X	
Psihoules, Mike	Fujitsu		X
Quirk, Nancy	Sustainable Jersey	X	
Reilly, Frank	TRC		X
Ryan, Jerry	NJNG	X	
Seelaus, Andrew	EMC2 Development		X
Shamlan, Karine	Clean Markets	X	
Tejas, Desai	Wildan Energy	X	
Teng, Elizabeth	BPU	X	
Teter, Carl	TRC	X	
Tobian, Carol	National Resource Management		X
Turner, Bruce	Xchanger	X	
Vento, Peter	ClearResult		X
Wetzel, Linda	AEG		X
Wong, Douglas	BC Express Inc		X
Zukas, Diane	TRC		X