Kate Morecraft

From: Ralph Viola [dprelectricinc@gmail.com]
Sent: Tuesday, June 08, 2010 9:10 AM
To: OCE
Subject: REIP program changes

Dealing with the public on a large investment such as a solar system is frustrating enough, but when you insert uncertainty it makes it unbearable. The lottery situation causes more work and more uncertainty for all involved. Waiting and not knowing whether your systems are being approved or not is frustrating.

Therefore I recommend the following: The state knows how much money it has for rebates. The state knows how many approved vendors it has in the program. The state knows the average size system that gets installed under the REIP program. Therefore based on averages, the state can come up with a total number of projects that will likely get approved. Divide the total number of projects by the total number of approved installers, to get an average number of installations per installer. Then each approved installer would get the exact same number of installations assigned to it. They would also be given a time frame in which to use the total number of installations say through October 30th. If all of the assigned number of installs were not used by that time they would then be put back into a pot and distributed to those that could or did use their full assignment, leaving out the installers who did not use their full allotment.

If this were setup before 9/1 you would not be inundated with submissions on 9/1. Some could be approved ahead of time but just waiting for the money to be released before sending out the approval. I believe this puts certainty back into the program, reduces the rush on 9/1, gives everyone a fair chance, and once they have used their allotment, then they can sell using the SREC program only.

Ralph Viola
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732-805-0822

Kate Morecraft

From: Aztec Solar Consultants [aztecsolarllc@gmail.com]
Sent: Tuesday, June 08, 2010 5:07 PM
To: OCE
Subject: Suggestion for distribution of rebates

I would like to make the following suggestion on how to distribute the residential rebates.

Instead of a lottery I think a more orderly process would be to allocate all registered entities a specific number of KWs to install or sell. I believe this would alleviate a lot of chaos and insure that more applications would be submitted more carefully and projects better qualified.

Under your current proposal installers and developers will submit many more applications than you will be able to fund. This will cause you more work sorting through to find those with errors and other reasons to be disqualified. This will be a total waste of time and labor. The submitter's thought would be similar to anyone entering a lottery, the more submissions, the better chance to get a "winner". This will cause many consumers who think they will be getting a rebate to cancel once they learn they did not "win". It is a losing proposition for your department, the installers, and the consumer.

If instead, you allocated each installer/developer a certain equal number of KW's they would carefully and accurately select the best suited projects with a sense of certainty that all would appreciate. You would not be swamped with an overwhelming number of applications and would guarantee that they will be prepared better by the submitter to ensure the sale.

For example, if all registered installer/developers were allotted 100 KWs each they would make sure they were processed correctly. It may represent 15 homes per installer. If a small installer only had 8 homes he would be able to sell what he doesn't need to an installer that may have many more sales. I think this would create an orderly and fairer marketplace for all.

While a lottery may seem to be fairer on face value, I believe it would cause many more problems in the long run.

Jerry D'Ambrosi

Aztec Solar Partners, LLC

732-493-9212

Kate Morecraft

From: Tozz254@aol.com
Sent: Wednesday, June 09, 2010 10:28 AM
To: OCE
Cc: jpd1948@optonline.net
Subject: Comments on Solar Energy Credit allocation proposal

Any lottery is based on the percentages of entries into the general pool. It appears that the largest installers will swamp the system with applications and freeze out the smaller to middle size players and eliminate competition.

I think that everyone company, after it proves that it has the ability to deliver the systems it promises, should get a base project size. Say 100 KW per project, that would be about 10 to 15 residential projects. The applications can be reviewed and the quality of the application submission can be efficiently evaluated. If several applications are not correctly filled out then that installer would be eliminated from the current and the next round of funding dollars. That way the state can weed out the inefficient players and still give them the incentive to correct their approach to the application process and apply for later pool funding. Once the burden of accurate filing is transferred from the state to the applicant, the state can proceed with a greater sense of confidence in the accuracy of applications received.

Also the emphasis should be to encourage the establishment of an industry, with creation of jobs and a benefit to the state as a whole. Any system that would result in the rich getting richer does not benefit anyone since the largest companies already have their infrastructure in place and will not add anything to the process whereas establishment of new startup companies will provide new jobs, lower pricing to benefit the homeowner, and will force the bigger companies to compete with a cost efficient model.

Vince Tozzi

Aztec Environmental Energy LLC

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State of New Jersey
DEPARTMENT OF THE PUBLIC ADVOCATE
DIVISION OF RATE COUNSEL
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Acting Public Advocate
Director – Rate Counsel

Comments of the New Jersey Department of the Public Advocate
Division of Rate Counsel

Renewable Portfolio Standards ("RPS") Stakeholders Working Group

Staff Request for Comments

Submitted:
Wednesday, June 9, 2010

The New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") appreciates the opportunity to provide additional comments on the proposed rule revisions resulting from the Solar Energy Advancement & Fair Competition Act (Section 38 P.L. 1999, c.23 (C.48:3-87).

Rate Counsel has the following comments on the proposed rules and topics of discussion at the May 25, 2010 RPS Stakeholders Working Group Meeting.

Comments on OCE Proposed Rule Revisions.

Rate Counsel generally supports the proposed rule revisions offered by the Office of Clean Energy ("OCE") with the following exceptions.

SREC Definition: SRECs (solar renewable energy certificates) are limited to solar generators that are connected to the electric *distribution* system in New Jersey. This position denies SRECs to solar generators that are connected to the *transmission* system in New Jersey. While there are, no doubt, commendable reasons for permitting SRECs for generators connected to distribution system facilities, SRECs should also be permitted for solar generators connected to electric transmission facilities. The reasons for this are primarily practical, technical, and/or economic in nature.

There is a lot of variation as to what many EDCs consider to be transmission as compared to distribution facilities. Eliminating the distinction between the two for SREC purposes eliminates the need to try to define transmission and distribution so as to achieve some degree of consistency across the state.

Most distribution circuits operating at voltages in the 12kV to 15 kV range[1] typically have maximum normal capacities of about 10 Mega Volt Amperes ("MVA") or less. But even injections of power considerably less than 10 MVA can affect the stability of and the voltage of such a distribution circuit. Such injections can be reliably be handled by transmission facilities. Also, as more solar generators interconnect with distribution facilities, there may be no more room under current interconnection limits to connect any more solar generation to the distribution system without building more distribution facilities. In some such cases, new transmission facilities could be less expensive and more reliable than new distribution facilities for connecting additional amounts of solar generation to the grid. Eliminating the distinction between transmission and distribution for SREC purposes frees up the EDC to interconnect solar generation to the electric system in the most reliable and efficient fashion possible.

From an economic (and policy) perspective, given the observations above, larger solar installations will tend to be interconnected at higher voltage levels than smaller installations. These larger installations can be developed at lower unit costs, and offer greater capacity additions, than smaller, typically behind-the-meter, distribution-level, installations. Rate Counsel, as we have noted in the past, supports the development of lower-unit cost solar installations because it reduced the overall ratepayer impact per unit of solar capacity installed. Thus, Rate Counsel cannot support rules that would set up barriers to the development of lower unit cost solar energy resources for ratepayers.

Removal of Engineering Estimates: This would require a meter for all solar generation that is seeking to be granted SRECs. Currently, the use of estimates is permitted for generators with less than 10 kW of capacity. This proposed change would help ensure that all SRECs that are granted are verifiable by actual meter readings. (Also addressed in Appendix 4.)[2]

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[1]Circuits operating at this voltage range are typically the most numerous of the distribution circuits.

2 March 12, 2010 Meeting Notes from the RPS Rules Revision & EDC Solar Financing Stakeholder meetings, Appendix 4, document circulated prior to the May 25, 2010 RPS Stakeholder meetings.

Retail Electric Supplier Association ("RESA") Proposal

Rate Counsel has two primary concerns associated with the proposal offered by the RESA. First, Rate Counsel believes that the supplier obligation reconciliation option offered by RESA is inconsistent with recently-passed legislation. The new legislation was developed for one of the express purposes of changing the solar energy RPS target from a percentage of load basis, to an absolute installed capacity target. The RESA reconciliation approach attempts to change the Board's rules to set supplier obligations on a forecasted percentage basis, not an absolute capacity requirement. While Rate Counsel understands RESA's position regarding solar requirement uncertainty, the new legislative requirement is explicitly based on capacity, not percentages. If the Board were to adopt RESA's proposal, it would be, through its rules, allowing one segment of the market to use a percentage-based requirement, as opposed to a capacity-based requirement. There could be potential legal ramifications of designing a rule in such a fashion.

Second, as RESA notes in its introductory comments, the purpose of its recommendations are to help alleviate the uncertainty, or "moving targets," that third party suppliers face with these new capacity requirements. The RESA proposal, however, would shift the uncertainty and risk of meeting these uncertain supplier solar obligations away from themselves and towards ratepayers. Rate Counsel cannot support a proposal that would unnecessarily shift additional solar energy requirement risk away from suppliers to ratepayers. Given these concerns, Rate Counsel cannot support the RESA proposal at this time.

Very truly yours,

STEFANIE A. BRAND
Acting Public Advocate &
Director, Division of Rate Counsel

By: *Felicia Thomas-Friel, Esq.*
Felicia Thomas-Friel, Esq.
Deputy Public Advocate

C: OCE@bpu.state.nj.us
Mike Winka, BPU
Benjamin Hunter, BPU
Renewable Energy Electronic Service List
David Dismukes, Rate Counsel Consultant
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Jersey Solar, LLC.

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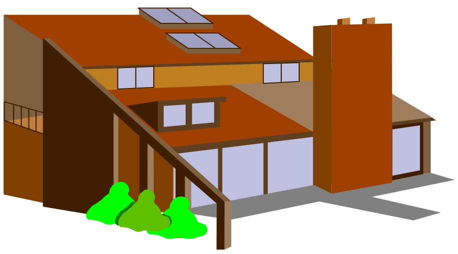

June 7, 2010

NJ Clean Energy Program
C/O Conservation Services Group
75 Lincoln Hwy. Suite 100
Iselin, NJ 08830

IN THE MATTER OF ALLOCATING FUNDING CYCLE 3 REBATE BUDGETS

Jersey Solar recommends that the remaining REIP Funding Cycle # 3 budget should be allocated to a subsidized low interest financing program administered by the NJ Economic Development Authority (EDA), instead of being allocated to upfront cash rebates which were provided to ratepayers under Funding Cycles 1 and 2.

New Jersey state government and the Board of Public Utilities has accomplished their goal of greater residential and small commercial market penetration by subsidizing small systems of less than 50 kW with cash rebates, which have been paid out for almost nine years since the inception of the CORE rebate program in 2001. The CORE and REIP iniatives have been effective in creating skilled jobs in the NJ solar industry and at the same time, reducing the cost of solar via increased manufacturing of solar equipment, resulting in lower module prices, more efficient installation practices, and lower vendor profit margins through competition. At the same time, retail electricity prices have increased to the point that rebates are not necessary from an financial “payback” point of view. The current Federal solar tax credits, good through 2016, and the NJ Solar Renewable Energy Credits, good through 2026, would be enough incentive to continue to grow the industry and provide an attractive return on investment (ROI).

The environmental and economic case for " going solar" is compelling without rebates, and can be helped more by a subsidized low- interest- financing program administered by the NJEDA. Residential and small commercial ratepayers would arrange for a loan through their own bank, and the NJEDA would assist with the interest payments for the life of the loan. For instance, for a 10 kW residential solar photovoltaic system with a purchase price of $ 57,000 ($ 5.70/watt) , the cost to the ratepayer after receiving the 30% Federal Solar Tax Credit, is $ 40,000. The ratepayer then borrows $ 40,000 with a six (6) year term and an annual interest rate of 6%. The monthly debt service of $ 662 would be covered with an average SREC price of about $ 475 and typical monthly electricity savings. The total interest expense for the six year period would be $ 7,664. If the NJEDA were to pay ½ of the interest for the life of the loan, total interest expense for the NJEDA would be $ 3,832 for that ratepayer for a 10 k system. This is equivalent to a $ .38/watt rebate. This would effectively reduce the current Funding Cycle # 2 rebate- per -watt incentive by 75%, and with the amount of funds still available in Funding Cycle # 3, would increase the number of residential installations by a factor of three or more over the current equivalent rebate of $ 1.35/watt, bringing increased jobs and environmental benefits to the citizens of New Jersey. Furthermore, with this increased capacity, our RPS goals would be accomplished at a quicker rate.

In summary, Jersey Solar recommends the elimination of rebates for residential and small commercial systems and the establishment of a low interest solar financing program where ratepayers with good credit obtain private loans through their own bank. This program would complement the current, on-going EDC SREC- Financing Program and continue until the REIP budget was exhausted. The NJEDA would administer the loan program, and the Market Mangers would continue to process applications, making sure that the important requirements of historical load, proper installation methods, proof of municipal code inspections and utility interconnection requirements would be met for the benefit of the consumer-ratepayer.

Thank you for giving us the opportunity to comment on the allocation of funds for Funding Cycle # 3. We'd like to thank the State of NJ, and specifically the NJ Board of Public Utilities, for all they have done, and are continuing to do, to promote clean power generation and a vibrant renewable energy industry in New Jersey.

Rick Brooke, Pres.

Kate Morecraft

From: Tom Rust [tom@4bestbid.com]
Sent: Thursday, June 10, 2010 6:39 PM
To: OCE
Cc: rich@4bestsolar.com; michael@kaiser-building.com
Subject: Request for Comments New Jersey's Clean Energy Program

In response to the request for comment to the New Jersey Clean Energy Program and the proposed lottery style approach discussed at today's session detailed below are thoughts and an alternative approach to manage the funds available. After attending today's session in Trenton and hearing the view from the OCE, as well as, the market from the perspective of the sales/installation company representatives I believe there has to be a simpler/clearer way to manage the process.

Clearly, the OCE did a good job of vetting the lottery process and if implemented it should work as a fine lottery. Unfortunately, the problem with a lottery of any form is that it is inherently flawed especially when you are allocating tax (my) money. As such, the market, the state of New Jersey and image of the industry suffers. The fundamental problem with a lottery system is that you have winners and losers; therefore, irrespective of how well a lottery program is managed the consumer will always have a feeling that there is insider influence and that they have been cheated.

While listening at today's session there were a couple of points that resonated; the need to have a level playing field as well as consistency in approach and timing. The underlying view of level playing field applies both to the consumer as well as the various sales/installation companies which brought rise to the comment that the larger volume players will have undue influence on the outcome for their applications. Given these drivers as a market program approach I would recommend that any program implemented take into consideration the following:

1. Move the program to a 30 day cycle to more closely align with a traditional market driven program.

2. Create an environment whereby every approved application in the shorter cycle wins; it needs to be win-win not win-lose.

3. Have a purely market driven value.

With these three items above being the basis for a program I recommend that you consider:

1. Break the cycle down into monthly parts

2. Allocate the cycle budgeted resources by month

3. Allow all approved applications to have a proportional share of that month's pool.

    a. I would consider making a PR announcement each month within 2 days of the month close announcing total applications and the value per application so the market could have an idea on how to position the Rebate value for the next month.

    b. To account for rejected applications you could roll the unused funds to the next month or adjust the value up to completely flush out the month's allocation. No one ever argues with getting more money than expected.

    c. You could seasonally adjust the months, as an example; have a lower allocation for August due to vacations and travel.

d. Set programmatic parameters so that the payout is no greater than total allocated monthly dollars divided by a minimum of applications. Thus, avoiding a one application month.

Now that you have moved the market I believe it will be easier to implement a fair market driven program. To the extent that the value fluctuates it is far easier to convey a winning value that is less than expected than to have to go back to the consumer to tell them they were rejected because they did not win the lottery. There is simply a limited resource and you have some of it, isn't that great!! This is easy to understand. Why should we settle on the premise that it is OK to reject applications and risk having a bad experience when you do not have to? The only rejected applications should be those that are technically rejected.

Should you like to discuss this concept further I would be more than willing to discuss over the phone or in person. Thank you for giving us the opportunity to comment.

Best,
Tom

Tom Rust
Owner/ Managing Partner
4Best Solar
O: 609-357-0400

*I am dedicated to helping raise awareness about the effects of child abuse and support for the victims of cancer -In memory of my wife Karen our family has founded the **Light Up the Room Foundation**. Please help us in our effort by visiting Light Up the Room to help support this important cause!*

Kate Morecraft

From:	Solarguy [solarguy@njsolarconnections.com]
Sent:	Thursday, June 10, 2010 4:06 PM
To:	OCE
Subject:	Comments to Straw Proposal

We know from experience that growing a solar business in New Jersey is affected most severely by variations in the availability of cash Rebates such a CORE and REIP. Cash rebates have the potential to drive massive increases in the interest in solar and we recognize that ensuring this demand is balanced means spreading the funds as widely and consistently as possible.

For forward looking homeowners, renewable energy is in their future as a large investment. Any rebate for them is highly valued both financially and emotionally. With well intentioned efforts to drive solar growth with limited funds through the luck of a lottery, comes the potential to stifle it through the loss of consistency and unsustainable growth especially for small and startup solar development businesses.

Consistency in the existing rebate application process, spreading rebate dollars as wide as possible and avoiding a “solar only for the lucky” lottery must be addressed as a priority.

Respectfully,
Andrew Cozzi
Solar Connections LLC

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SOLAR CONNECTIONS
Connecting YOU to the Power of the Sun

Kate Morecraft

From: Neil Goldfine [ngoldfine@acmua.org]
Sent: Friday, June 11, 2010 10:03 AM
To: OCE
Cc: Kling, Colleen (Woodbridge,NJ-US)
Subject: New Jersey's Clean Energy Programs

I have reviewed the changed to the program. I want to emphasize that these programs are important, not only because they reduce costs to local government agencies, but they also protect the environment.

These programs need to be funded and go forward. We have been unable to get our local contractor to even meet with us due to the uncertainty of the program. The main purpose of my comments are to encourage you to make a decision quickly so the program will go forward.

I support the changes to move money into the Direct Install program. I also support the emphasis on Local Government Agencies. Although I would prefer to see the Direct Install Program remain at an 80/20 split, a 60/40 split is better than no funding at all.

Thank you for your consideration.

Neil Goldfine

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Kate Morecraft

From: John L. Miller [jmiller@thesolarcenter.com]
Sent: Friday, June 11, 2010 2:34 PM
To: OCE
Subject: Comments on the NJCEP Straw Proposal

Written Comments provided to the NJ Clean Energy Program in regards to Funding Cycle 3

To Whom it May Concern,

Please find my comments below in regards to the 3rd funding cycle of the REIP Program.

- I believe the full, and if not at least the majority, of the $8MM in CORE Scrubs should be transferred directly into the Solar REIP Program. This is money that was once designated for solar, and therefore should stay that way. I do understand that other areas of the Program are in dire need as well; however these funds are desperately needed in the solar program. If the full $8MM was transferred back into the solar fund, all of the residential carryover from FC2 can be funded as well as approximately 77% of non-residential carryover. Before transferring the funds into other programs, the large carryover of solar rebate applications from Funding Cycle 2 should be addressed. Please consider, at the very least, and even split of $4MM for solar and for energy efficiency. This split, and resulting addition $1MM in solar funds, would allow for most residential projects in the FC2 carryover to be approved.
- If the lottery system is used for FC3 applications, there should be an entity cap to ensure that due to luck one solar installer does not get a very large portion of rebates. It is only fair that not only every application but every installer has an equal chance of getting projects funded. One suggestion is that every installer is guaranteed to have at least one of their applications accepted, and that any installer will not have more than either a) X% of total rebates paid out, or b)Y% of their total rebate applications paid out.

Please find my comments below regarding the future (2011 and on) of the program.

- I do not believe the request for 12 separate funding cycles, and for every application to then be paid a rebate based upon the available funding, will be a good rebate system. Instead of certainty, it will create uncertainty as rebates change month to month. Also, it will create a backlog of projects that simply apply every single month until they receive the rebate amount they are looking for. This would prove inefficient and difficult to sell in the NJ Solar Market.
- I fully support a loan program managed by the Clean Energy Program. I believe the details will need to be hashed out much further and the terms be altered than those suggested, but a loan program will very much allow for continued growth of the NJ Solar Market while limiting the necessary funding.

Please review my above suggestions. I look forward to the suggestions proposed by the Honeywell Market Manager Team to the Board on June 18th, and the continued success of the New Jersey Solar Program.

Sincerely,

John Miller

John L. Miller
The Solar Center

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Renewable Energy Program
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Iselin, NJ
08830

Attention: Mr. Larry Barth

Re: Response to Straw Proposal of 6/10/2010

Dear Mr. Barth;

I would like to thank you for the opportunity to participate, by phone, in the committee review meeting of June 10th. The conversations were certainly lively and covered several areas of great interest to our company. It appears that our industry; both independent installers, and our government partners, now find ourselves in a very challenging position to say the least.

We feel that it is critical that a stable and predictable playing field be created, so that potential clients can be presented proposals with solid costs. The concept of a "Rebate Lottery" does not allow for this. Sunrise Solar Solutions supports the proposal of reducing the residential rebate to a level that would ensure the availability of funds throughout the entire period of funding cycle three. A reduced residential rebate, that is predictable, is better for business than a larger dollar value that may not be available.

The effort and costs incurred in completing the application package must be commensurate with the money being provided by the state. With the reduction in incentive monies, the extensive documentation and systems inspections must also be reduced. The efforts incurred at a $1.35/watt cannot be justified at $.40/watt or even at $.50/watt.

The QC and QA processes present additional areas of saving for all partners involved in the system. Sunrise enthusiastically supports the idea of qualifying integrators and installers. Having to successfully install three jobs prior to becoming certified is a very good idea.

It may, however, be possible to streamline the QA process. Once an organization is accepted as an accredited installer, only 10 percent of his completed jobs could be inspected. This is currently a model in use by NYSERDA in New York. Remember, every job in our industry receives at least two extensive inspections prior to commissioning. Building inspectors from the local towns review and approve each installation, as do inspectors from the utilities. These inspection processes work to eliminate any quality deficiencies independent of the funding process.

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As you are most certainly aware, there is a large volume of applications currently being held waiting for funding period three to open. Opening the funding period earlier, may allow for a smoother flow of applications into your process.

Also, placing a practical limit of the total amount of wattage each company can install each month will provide additional stability in the market place. Funding only, say 220 kW per company per month will allow you to create a predictable budget of how fast the rebate funding will be spent. This is currently in place with NYSERDA in New York.

We at Sunrise Solar Solutions greatly appreciate the opportunity to input our thoughts for your considerations. Please feel free to contact us if you should have any questions or desire any additional explanations

Sincerely:

Michael J Rice
Director of Sales

Sunrise Solar Solutions LLC, 510 North State Road, Briarcliff Manor, NY 10510

Ed Merrick
VP, Marketing & Business Development
Trinity Solar

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11 June 2010
Submitted via Email

Kristi Izzo
Secretary of Board
New Jersey Board Of Public Utilities
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
oce@bpu.state.nj.us

Re: Modifications of the Solar Rebate Program

Dear Ms. Izzo,

On June 7, 2010, Honeywell and TRC, in conjunction with the Office of Clean Energy, developed straw proposals for consideration by the New Jersey Board of Public Utilities (BPU) and requested comments from the solar industry on these proposals. Trinity Solar appreciates the opportunity to provide comments which will focus specifically on the segments that should be allowed to participate in the rebate program, the rebate levels for those segments, the duration of the project commitment, the rebate cap, and the proposed lottery method to allocate rebates. As background, Trinity Solar (formerly known as Trinity Heating & Air, Inc.) has been in business in New Jersey since 1994 and entered the solar industry in 2004 with a focus on marketing, selling, engineering and installing residential, commercial, and non-profit solar electric systems. Since 2004, we have grown from roughly 25 employees to over 125 employees and were recently listed by NJBIZ as the largest renewable energy company in the state. On March 5, 2010, we were recognized by the BPU for Outstanding Achievement in Renewable Energy based on having the greatest number of completed residential solar installations. With over 1,000 installations, we have been instrumental in helping the State of New Jersey reach its RPS goals. We appreciate the budget position the BPU and the Office of Clean Energy is in and recognize the need for modifications to the solar rebate program.

Segments

Two segments (Residential and Non-profits/Public Entities) have been identified to receive rebates and one traditional segment (Commercial) has been eliminated. We believe that the Residential segment should continue to receive rebates and should include new construction projects and residential PPA financed projects. Both of the business models for these sub-segments are continuing to evolve and more time is required to make these viable models in the state. With the uncertainty around SREC valuations, rebates provide a level of certainty required to make investments in these small solar systems a more palatable risk. We also agree with the elimination of the commercial segment from receiving rebates. With budget constraints, the limited available money should be focused where it is needed most. Federal and state incentives are enough to make the commercial segment operate without additional rebates.

Rebates for Non-Profits and Public Entities present a serious conundrum to the industry. On one hand, especially for small systems, additional financial assistance is required to ensure continued investment in these projects. On the other hand, these projects are subject to prevailing wage requirements, thus raising the cost of deploying these systems. As a result, we recommend that rebates for this segment be eliminated. There simply isn't enough funding to satisfy all segments and we prefer to see the budget be deployed where they will spread greater adoption of solar. Since this segment will be characterized by larger systems, higher overall dollars will be expended on a per system basis.

Rebate Levels

During the last funding cycle, we witnessed an unprecedented number of applications received by the OCE in just one day. This was a direct result of lower product costs, pent up demand and high rebate levels. It is our opinion that the proposed rebate levels for the residential segment are still too high and will result in quick oversubscription yet again. The primary concern for the solar industry is to avoid continual starts and stops of incentive programs. Marketing and staffing investments (as well as other business investments) are predicated on the fact that some form of market stability will continue. Unfortunately, we all know that this stability has been elusive in New Jersey and we even face uncertainty at the federal level with the potential elimination of the grant program which has helped propel solar nationally as well as locally. Thus, a substantial reduction in rebate levels is warranted such that the industry can properly plan and make the necessary business investments to maintain and/or grow the penetration of solar throughout New Jersey.

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Although we do not believe rebates are needed in general at this point, we do recognize the tough economic times we live in and believe a certain level of rebates will help with business continuity and we recommend the rebate level for the residential segment be reduced to $0.40 per watt. Although this is a dramatic reduction from where we are today, this reduction allows for many more individuals to receive the limited funding available and likely avoids the need for lottery systems or other administrative policies established to ensure program fairness. Moreover, it creates market stability, lowers administrative program costs, and widely distributes the limited funds to many more homeowners across New Jersey.

Project Commitment Period

The commitment period for rebated projects has been proposed to remain at 12 months. This commitment period is simply too long. As demonstrated by the sheer number of applications received in the last funding cycle, there is demand for solar. It is not good policy to prevent others from receiving available rebates because certain projects are not moving forward in a reasonable timeframe (for whatever reason). With over 1,000 systems installed, we know that it does not take 12 months to install a system. Delays from project funding or customer reticence will be overcome with a shorter commitment period. Further, tying up funding beyond what is required is akin to tying up inventory in a business and results in higher costs to the program as well as to the industry. Based on our experience, an average of 4 months is required to install a system from the time the project has received a rebate. However, we recognize that certain legitimate project delays may extend this timeframe and therefore recommend the project commitment period be set to 6 months.

One of the original rationales for the 12 month project commitment period has also been fixed in that we now have much shorter funding cycles. Originally, there was an annual budget where all rebate funds could be committed in the first few months of the program (which happened back in 2005). Once one's commitment period was over, they possibly would have to wait an additional 8 to 12 months to receive a new rebate. Further, not only were the rebate reductions further apart they were also more dramatic. Today, if one loses their rebate and has to reapply, they'll lose $0.10 - $0.20 per watt. Previously, it could have been as much as a $1 per watt or even more. Thus, now that we have 4 month funding cycles, this issue has been avoided. Thus, regular culling of applications that don't move forward and reapplying money to projects that are moving forward is better for the ratepayer, helps us meet the RPS quicker and ensures market continuity. Further, a 6-month time frame provides adequate time to install a system, despite any unforeseen delays; creates urgency from the end-user perspective to ensure the project is installed quickly; results in more limited rebate money being deployed quicker; and provides greater overall stability to solar market participants.

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Rebate Cap

The straw proposal includes a cap on residential projects over 7.5 kW of $7,500 effectively making the rebate for at least 50%[1] of the residential projects $0.75 per watt (vs. the proposed $1 per watt level). We believe the administrative headaches and transactional costs associated with managing two different rebate levels within a given segment are simply not worth the perceived benefit it will provide. A better answer is to just reduce the rebate levels across the board. Historically, it has been argued that smaller residential systems cost more than larger residential systems. Although that may be true, the cost difference is slight and the rebate levels proposed do not overcome the transactional costs in administering and tracking the paperwork to ensure it is correct. Given the expected large volume of applications within this segment, it is better to have one rebate level for the entire segment and will result in lower cost to the industry and the OCE in administering the program.

Lottery Method for Rebate Allocation

The perceived need for a lottery system in allocating rebates is due to anticipated oversubscription of the rebate program. Conceptually, we have no problem with the lottery method. We, however, don't see a reason for injecting a new administrative policy when simply setting rebate levels at a reasonable level will ensure that oversubscription will not occur. Reduction in rebates spreads the available funds over many more customers. If the rebate is set at $0.40 per watt, the sheer number of applications required to fully use the budget in a very short period of time ensures that the budget will last for the period (or most of the period).

Thank you for the opportunity to submit comments on the future rebate straw proposals. Please do not hesitate to contact me if you have any questions.

Sincerely,

Ed Merrick

VP – Marketing and Business Development

Trinity Solar

[1] The average system size in New Jersey is 8 kW.

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Kate Morecraft

From: Michael K. Barsella [michaelb@percivalsolar.com]
Sent: Sunday, June 13, 2010 5:29 PM
To: OCE
Subject: Request for Comments on Market Manager Straw Proposals

The following was written by my esteemed colleague, Tom Rust. I agree fully with his comments:

In response to the request for comment to the New Jersey Clean Energy Program and the proposed lottery style approach discussed at today's session detailed below are thoughts and an alternative approach to manage the funds available. After attending today's session in Trenton and hearing the view from the OCE, as well as, the market from the perspective of the sales/installation company representatives I believe there has to be a simpler/clearer way to manage the process.

Clearly, the OCE did a good job of vetting the lottery process and if implemented it should work as a fine lottery. Unfortunately, the problem with a lottery of any form is that it is inherently flawed especially when you are allocating tax (my) money. As such, the market, the state of New Jersey and image of the industry suffers. The fundamental problem with a lottery system is that you have winners and losers; therefore, irrespective of how well a lottery program is managed the consumer will always have a feeling that there is insider influence and that they have been cheated.

While listening at today's session there were a couple of points that resonated; the need to have a level playing field as well as consistency in approach and timing. The underlying view of level playing field applies both to the consumer as well as the various sales/installation companies which brought rise to the comment that the larger volume players will have undue influence on the outcome for their applications. Given these drivers as a market program approach I would recommend that any program implemented take into consideration the following:

1. Move the program to a 30 day cycle to more closely align with a traditional market driven program.
2. Create an environment whereby every approved application in the shorter cycle wins; it needs to be win-win not win-lose.
3. Have a purely market driven value.

With these three items above being the basis for a program I recommend that you consider:

1. Break the cycle down into monthly parts
2. Allocate the cycle budgeted resources by month
3. Allow all approved applications to have a proportional share of that month's pool.
    a. I would consider making a PR announcement each month within 2 days of the month close announcing total applications and the value per application so the market could have an idea on how to position the Rebate value for the next month.
    b. To account for rejected applications you could roll the unused funds to the next month or adjust the value up to completely flush out the month's allocation. No one ever argues with getting more money than expected.

c. You could seasonally adjust the months, as an example; have a lower allocation for August due to vacations and travel.

d. Set programmatic parameters so that the payout is no greater than total allocated monthly dollars divided by a minimum of applications. Thus, avoiding a one application month.

Now that you have moved the market I believe it will be easier to implement a fair market driven program. To the extent that the value fluctuates it is far easier to convey a winning value that is less than expected than to have to go back to the consumer to tell them they were rejected because they did not win the lottery. There is simply a limited resource and you have some of it, isn't that great!! This is easy to understand. Why should we settle on the premise that it is OK to reject applications and risk having a bad experience when you do not have to? The only rejected applications should be those that are technically rejected.

Should you like to discuss this concept further I would be more than willing to discuss over the phone or in person. Thank you for giving us the opportunity to comment.

Harness the Sun,
Michael

Michael Barsella

Percival Solar Solutions
*'Harness the Sun'*SM

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Kate Morecraft

From: John Brown [jbrown3108@gmail.com]
Sent: Sunday, June 13, 2010 4:42 PM
To: OCE
Subject: straw proposal..........BAD DEAL.......

Last summer the QIV was started. We had to pay to get trained to do it. We then had to purchase very expensive tool kits from you to perform the service. The season was short and we had wished that we could at least break even this spring or early summer. Thank you for sticking it to my company. It appears that only you made out on the QIV. We now have two bags of equipment that is almost useless. You have no problem with increasing the funding for 1/2 off deal. What really amazes me is that there is no way you people cannot know that you & the homeowner are getting screwed by that program! I would think when you see so many jobs coming thru at or near $20,000 someone would catch on. The QIV gave you honest and live information, the other program salesman figures that are very easy to fudge. The BPU seems only to be watching out for big business "PSE&G" Who got kissed in the kitchen for the exclusive area in N Jersey that was reserved ONLY for PSE&G? Why was that done? Is PSE&G better than small business? Will you answer?

John Brown
609-352-0776

Kate Morecraft

From: Hunter, Benjamin [Benjamin.Hunter@bpu.state.nj.us]
Sent: Monday, June 14, 2010 10:25 AM
To: OCE
Subject: FW: Solar Program for Sept 1st - follow up comments

B. Scott Hunter
Renewable Energy Program Administrator
Office of Clean Energy
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.njcep.com

-----Original Message-----
From: Winka, Michael
Sent: Monday, June 14, 2010 7:48 AM
To: Hunter, Benjamin; Boylan, Rachel; 'mambrosio@appliedenergygroup.com'
Subject: Fw: Solar Program for Sept 1st - follow up comments

-----Original Message-----
From: keithr <keithr@seabrightsolar.com>
To: Winka, Michael; Hunter, Benjamin; Garrison, Charlie J (NJ10) <charlie.j.garrison@honeywell.com>
Sent: Sat Jun 12 13:38:48 2010
Subject: Solar Program for Sept 1st - follow up comments

Hello all,

I just wanted to add my two cents to our meeting last week. Speaking of which I do appreciate your level of commitment to try and be fair to all stakeholders while working with what we are being given.

I propose the following:

- NJ residential rebate cut to $.60/watt. Good up to 10kw. Projects above 10kw can still get the first 10kw rebated (same as now)
- NJ Commercial rebate (zero)
- NJ non-profit rebate ($.50/watt) up to 25kw
- NJ residential PPA rebate (zero) (these leasing companies have already figured out a way to operate SREC-only)

As far as the method of accepting applications and rewarding rebates I understand why the lottery method is attractive to the Clean Energy office to minimize the chaos. However, this program drastically favors the larger volume players in the market. For example a company that submits 100 applications...3 in or out doesn't make much difference. However for a company that submits 5 applications; 3 of those 5 may determine whether or not they are in business.

Understandably, there is some Darwinism to be considered but still we need to make sure 2-3 companies do not walk away with 95% of the lottery.

I propose some type of cap per company (e.g no company can receive more than 20% of the lottery winners) or even a guaranteed minimum (all companies will get at least 5 lottery winners...the rest is subject to the lottery, etc).

Thanks for your hard work on this,

Keith Rose

NJ Business Development
Sea Bright Solar

Cell: 908-839-2570
Fax: 732-450-1858

Proposed Home Performance Program Changes

June 14, 2010

To Whom It May Concern:

The last thing any viable contractor can support is a Home Performance Program that stops, starts, develops a waiting list, etc… It negatively impacts the contractor community, employees, vendors, customers and most importantly, the programs own survivability. A year round sustainable plan is the only way the Program can be successful and achieve the Market transformation it seeks. We trust that all other interested parties feel the same. Due to the imperative nature of the situation we are putting a voice to the contractor community as a whole quickly, using a sample of contractors that have produced results in the program and have good peer to peer reputations. This does in no way mean that someone not included is not such a contractor. We realize that to keep the program "open for business" modifications to the current incentives need to be made. After considerable analysis of what's required by contractors to be successful in the HPwES program as well as what we understand is available in the way of NJCE HPwES incentives we'd suggest the following:

- **Audits and Comprehensive Assessments:**
    - **We believe the STEP 1 Audit should continue at $125.00.** It provides the homeowner with an extremely valuable service, and it inexpensively lets the homeowner know from a "Health and Safety" perspective that their combustion appliances are operating properly and safely. As importantly, it also educates them about the opportunities to dramatically reduce their utility bills by utilizing the HPwES Program. To maintain consistency and eliminate confusion in state and contractor marketing of the NJCE HPwES STEP 1 Audit, we see the value that everyone uses the established $125.00 fee. Additionally, we feel the elimination of contractor incentives is warranted.
    - **We believe the addition of a STEP 2 "Comprehensive Assessment" is equally important.** This will allow those homeowners that desire to find out more about their EE options without having to elect to enter into a STEP 3 Comprehensive Project. It'll be important to define on the NJCE website as well as in collateral marketing materials the difference of "What to Expect" from the contractor between the two options. While we feel that it is important that there is the set Step 1 ($125.00) Health & Safety Audit Fee we believe the marketplace should dictate the price and additional work included in a Comprehensive Assessment.
- **Production Incentives – Scale back to a 7%, $1,000 cap.** Production incentives serve an important purpose in helping cover marketing of the Program and the extra administrative costs. Additionally, they provide incentive for contractors to do comprehensive scopes, and gives the program a carrot to ensure all contractors comply with QC inspection callbacks. Reducing the incentive to this level will still achieve this vital goal. If it came to a situation where the choice was between the contractor incentives vs. additional customer incentive, we would encourage the contractor incentive for the reasons listed above. In addition, if we needed to use the contractor incentive money to entice a homeowner to participate in the program, we still could, in the form of a Contractor HPw/ES discount, rebate, coupon, etc…

- **STEP 3 Comprehensive Project Incentives.** As with any other successful retail product, having choices assures its success. When evaluating the incentives that aided this Program's success as well as realizing adjustments to these incentives are required for Program Sustainability we suggest the following:
    - **0% Financing is the Key –** Enhanced incentives helped, but we all know the real acceleration in program came from the addition of the 10 Year 0% financing. It removed the barrier to participating for many homeowners, and makes the whole house approach manageable for all. If the Program adopts an either/or (Loan or Cash) policy an additional financing option should be added for those homeowners do not have the wherewithal to pay for the balance of a typical project. We recommend a 5.99% loan with a cap of $20,000.00 for the total work scope as the buy down is about the same as the current $10,000.00 0% option. . Again, this will allow more homeowners participation resulting in maximum energy savings.
    - **Cash Back Incentive –** With an "either or" policy there will still be many homeowners that will select the cash back option. We were able to successfully use the $5,000.00 cash back option in the past to persuade homeowners to become involved with the Program and see no reason it would not be effective now.

Total Incentives Table:

Incentive Options	Audit	Customer Incentive Cost	Contractor Incentive Cost (assuming maximum)	Total
Cash	$0.00	$5,000	$1,000	$6,000
$10,000 10 Year 0% Financing	$0.00	$4,150	$1,000	$5,150
$20,000 10 Year 5.99% Financing	$0.00	$4,250	$1,000	$5,250

- **Continuation of Program Without Incentives –** Regardless if there are incentives available contractors should be able to submit and gain WSAs from the Program. As with other retail markets, changing incentives, rebates and financing are the normal course of business. Having this program appear to be available year round is important to the program's and the contractor's success. This will also provide validation to the customer that they are achieving the savings that they were sold. While having approval from HPw/ES program, they could utilize WARM/COOL Advantage programs incentives. Saying the program is open but that there are no cash/financing incentives currently is a better alternative than saying the program is in suspension, which leaves the marketplace at a standstill, which is detrimental to all of us.

- **Enable homeowners to utilize WARM/COOL Advantage program rebates and Home Performance Program financing.** As most projects will need to include furnaces and air conditioners to qualify for the program and we are funneling people away from WARM/COOL Advantage, it makes sense to utilize that funding. At that point any Home Performance rebate monies could be calculated on shell and health and safety measures only, but the financing could be used across all measures (including HVAC).

- **Eliminate appliance incentives** – Allow their savings to be utilized for total energy savings, but eliminate all incentives. To our knowledge there are no appliance dealers in the program

- **Remove Contractors not in Program Compliance** – We all strongly feel that even before the current budgetary concerns, there is no place in this program for anyone committing fraud, not complying with program requirements or failing to respond to QC issues. There should be a zero-tolerance policy for anyone falling into these categories. These contractors are getting the same incentives as those doing things the right way while using the majority of program resources and at the same time getting lesser results. Especially with the current situation it seems absurd to allow these contractors to continue to participate in the program at the expense of the rest of us.

- **Limit new Contractor's** – We feel that if a contractor in the HVAC/Insulation/Building Industries has not yet joined this program it is very unlikely those contractors will embrace the principals of home performance and add significant value to the program. To provide them with incentives at the expense of those who embraced this early and have demonstrated results would be a mistake. We would be happy to provide input as to ways to do this.

- **Future Program Incentive Modifications -** We agree incentive modifications are, at times necessary to ensure continued year round Program sustainability. To make additional specific recommendations would require knowing what the budget is that we are working with. If you would share this information when it becomes available we would gladly participate with the Program managers to develop a program that continues to achieve sustainability, energy reduction and Market Transformation.

All of the contractors who endorsed this proposal would be more than willing and eager, to discuss the contents of this proposal with any and all interested parties from CSG, Honeywell, Clean Energy Program, Utilities, BPU, etc… Maybe a follow up meeting would be helpful.

Thank You,

Brian Bovio
Bovio Advanced Comfort & Energy Solutions

Angela Hines,
Rubino Service Co.

Fred Hutchinson,
Hutchinson Plumbing Heating Cooling

J. Scott Needham,
Princeton Air Conditioning, Inc.

John A. Conforti
Air Group, LLC

Doug Wong
BC Express Inc.

(List of Additional Endorsing Contractors Continued on Next Page)

Endorsing Contractors (continued)

Bill Campbell
Campbell Comfort Systems, Inc

Bill Crowe
J Maloney & Son, Strawbridge Crowe LLC

Steve Arnold
Energy Services Group

Tom Eckardt
T.J. Eckardt Associates, Inc.

Jay Murdoch
MASCO Home Services / WellHome

Tom Rostron
Tom Rostron Heating Air Conditioning

Bill Alber
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June 14, 2010

Commissioners, Board of Public Utilities

RE: 2010 Clean Energy Program Budget Reallocation, Home Performance with Energy Star Program

My name is Brian Bovio and I am the Operations Manager of my family's business, Bovio Advanced Comfort & Energy Solutions, located in Gloucester County, New Jersey. We are a third generation HVAC contractor who has recently made the transition to Full Service Home Performance Contracting based on the State's Energy Master Plan and the Incentives that were made available to homeowners for increasing the efficiency of their homes. This transition was not an easy one, and was made based on multiple assurances of various state/program administrators, utilities, etc… that this was not a "short term" program, but a long term initiative.

Before starting in HPw/ES Program a year ago, our business was suffering considerably because of state of the economy. We had reduced our staff by laying off 5 people which is something we lamented having to do and have rarely done in the past. **Now, one year later, we have added 12 employees, all of them paid a decent wage and all having full benefits. All of these employees are working 40+ hours a week, with no short weeks, and everyone we hired was unemployed at the time of hire. Our taxable revenues are up approximately 100% during the last 12 months, but we are now faced with the proposition of laying people off in the near future, due to the suspension of the Home Performance with Energy Star Program.**

The implementation of Home Performance came with extraordinary investments of both time and capital. Expenses incurred include significant equipment & technology upgrades, new fleet vehicles, marketing, staff training, etc…. We also changed our company name of the last 35 years to better reflect our involvement with this new initiative. These investments were made under the assumption that they were aimed toward a long term, sustainable effort, not a short term one. We would not have been able to invest the amount of resources that we have, without the incentives and support we have received from the NJ Clean Energy Fund and Home Performance with Energy Star Program.

There are also the major energy usage reductions we have achieved at the 200 homes we have completed or are in the process of completing. Without this program in place, we estimate that less than half of those homes may have gone with high efficiency equipment, the others opting for minimum efficiency replacements, or doing nothing at all. The majority of those people would also have ignored air leakage and insulation deficiencies in their homes. The program has made it affordable for NJ residents to make upgrades to their homes that will save them substantial money on their energy bills at a time that they need it most.

In conclusion, I would like to point out that I have spoken to many contractors who share a similar story and opinion. The principles of Home Performance are just starting to take root with the contractor and consumer communities, and will continue to create jobs in NJ and reduce energy demand, if allowed too. The current "hard stop" situation we are in because of the taking of clean energy monies has created major confusion in the marketplace, and is already causing serious damage to our business. This is our historically busy season and people are sitting on sidelines waiting for next year's budget or to see what happens this year. The suspension of the Home Performance with Energy Star Program will have the following effects: severely harm my and other contractors businesses, local/green jobs will be lost immediately, taxable revenue will decrease, and employees will end up back on unemployment, future contractor participation in NJ programs will be discouraged, homeowners will opt for lower efficiency options, and NJ's energy efficiency industry will be set back for years to come. While I do not expect the state of NJ to subsidize my business, to go from the incentive levels that were in place to very low incentives, or nothing, creates a "hangover effect" in the market that will do irreparable harm to the Home Performance/Energy Efficiency Industry, and my family's business.

Sincerely,

Brian J. Bovio
Operations Manager
Bovio Advanced Comfort & Energy Solutions

TO: Renewable Energy Committee Members Dated: 6/14/2010
RE: Issue of Wind Energy Rebates/Incentives

Please permit this letter to serve as suggestions hereby submitted to the Renewable Energy Committee for consideration in connection with updated policy recommendations arising out of the meeting held on Thurs June 11, 2010 in Trenton.

Although the aforementioned meeting focused on issues regarding solar energy rebate resolutions, I wish for the RE Committee to also consider the issue of an expansion of the current method of wind energy incentives in order to encourage the development and expansion of innovate small wind energy systems and business related to same. Specifically, I wish to suggest that the current restrictive project eligibility requirements related to wind energy systems be extended to include new innovative wind technology incentives (“IWTI”) based upon a method of calculation for the actual level of production.

The application limitations for solar rebates speaks volumes about the disparity between renewable energy options here in NJ which could be dramatically altered by your administrative actions. The NJ Clean Energy program reporting data presented at the aforementioned meeting highlighted the need for reforms to the current system of incentives for Wind/Bio Power where there remains a “Budget available for new approvals of $2.28M for 2010". The historical data reported in the presentation regarding Design Objectives disclosed that between 2001 through April 2010 only 29 Wind Energy Projects were completed with cumulative rebates issued in the total sum of $4.5M during those ten (10) years. Clearly the current program of incentives in this area is underutilized, and thus in need of improvement.

The current wind turbine incentives have been limited to specific manufacturers that appear on a list that obtained NJ Clean Energy pre-approval. The eligibility process for pre-approval is burdensome and unnecessary. These policies have not resulted in the expansion of wind energy technology, or the development of small businesses which is the stated objective and design of the renewable energy program. The budgeted rebates have not been exhausted even though the amount is but a small fraction compared to solar.

I have attempted to establish a new business focused on small wind turbines for residential and light commercial/municipal customers in NJ since October 2007, without success due to a variety of reasons, including the lack of incentives. Unfortunately the current system of incentives require manufacturer testing verification and restrictive site qualifications related to a projects height and set backs which are presently overly restrictive as evidenced by the lack of installations and rebates issued according to the historical data discussed above.
.
The underlying purpose of an incentive program is to promote development and growth in the renewable energy field. If incentives were simply awarded on a format based upon actual energy production from any wind energy system, research and development of new systems would expand exponentially. Should the Renewable Energy Committee enact an incentive program based upon actual energy production rather than current restrictive guidelines, not only will the Committee eliminate the excessive administrative costs related to program management, but would create a positive environment for new businesses, such as the one I have futilely attempted to establish, that will drive the expansion of wind energy as an alternative to the only viable current solar option. If enacted immediately, I would be able to install projects before the end of the summer 2010 that would qualify for incentives based upon production monitoring, and begin the business of expansion for wind as a viable alternative energy source here in New Jersey.

Thank you for your consideration of my suggestions.

Kate Morecraft

From: Stacia Okura [Stacia.Okura@sunpowercorp.com]
Sent: Monday, June 14, 2010 2:53 PM
To: OCE
Cc: Garrison, Charlie J (NJ10); Jim Dawe
Subject: Comments on Residential NJCEP Straw Proposal

Office of Clean Energy,

We strongly support Honeywell's proposal to include residential new construction projects in the Solar - Residential Budget Category. Residential New Construction projects need to receive the same $/Watt incentive as residential retrofit projects (currently proposed at $1/W) in order to reduce the unique barriers to solar growth in the new homes market. There are many efficiencies to be gained by installing solar during home construction, but very low penetration rates to date. We ask that you consider the following new homes-specific issues that highlight the need for the higher residential incentive for residential new construction projects.

- **Solar options law** - SB 2265, the Residential Development Solar Energy Systems Act was signed into law on March 31, 2009. The authors of this law aimed to increase the penetration of solar in new homes by capitalizing on installation efficiencies and low cost mortgages in order to realize the full potential for solar in the new homes market. New Jersey builders will soon need to respond to this mandate, and the combination of a higher residential-level incentive and the solar options law could result in very high solar options uptake rates.

- **Low new home buyer demand**
  - New home buyers are in the market for a new home, they are not shopping for solar systems. These buyers often do not know anything about solar, including the benefits or the high cost. Builders have to "push" solar to home buyers through education and lower prices.
  - New home buyers should not be at a disadvantage compared to existing homeowners with respect to the incentives offered for solar projects.
  - The OCE can reach this low demand market by ensuring that builders can reserve the higher residential incentives for RNC projects (at least $1/Watt).

- **Price constraints**
  - New home buyers have typically qualified for a maximum mortgage amount. With this set amount of funds, they must decide between the solar option and other home upgrades. Buyers enter the home buying process with desired home features in mind, which often do not include solar. The inclusion of solar is a challenge and if it is not selected at the time of home sale, it is unlikely that the resident will opt for solar at any time in the near future. The opportunity for installing solar on one New Jersey residence will be eliminated.

- **Mortgages**
  - First mortgages offer a low cost method of paying for solar systems. If solar panels are installed prior to the home being sold, then the system can be included in the mortgage. There are very few points in time when money can be borrowed at such a low rate, making solar systems more affordable at the time of home sale. If the cost of including solar can be reduced by a higher incentive, then more New Jersey new home buyers can benefit from solar.

- **Low levels of new home builder participation**
  - There are very few large national builders that have adopted solar to date in New Jersey. The solar options law will force this to change. This is the right time to entice builders to sell solar options by offering higher incentives to the residential new construction market segment.

- Builders will emphasize the solar option sale if the value proposition to the homeowner is strong. This is how builders make their decisions, value to the homebuyer. If the value prop to the homebuyer is not compelling, and is not supported by higher REIP incentives, there will be little incentive for builders to invest in and actively sell the solar option, resulting in low solar adoption for the new homes market.

In summary, we fully support the inclusion of RNC in the Solar - Residential Budget Category at the higher $1/Watt incentive level. Residential new construction system sizes are more aligned with existing residential system sizes, which makes the Solar – Residential rebate cap and project size cap the appropriate category for RNC projects. For the reasons specified above, RNC projects and buyers need the support of the OCE to make solar affordable at the time of home purchase. There is no better time to buy solar for a residence.

Thanks,
Stacia

Stacia Okura
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June 14, 2010

Keep it Simple:
Astrum Solar's Comments on the Renewable Energy Program Budget Reallocation

Astrum Solar is a Maryland-based solar installer of residential solar PV systems. In the past three years, we have expanded from serving Maryland to seven states and the District of Columbia and employing over 100 engineers, salesmen, installers and other employees. Our Norristown, Pennsylvania office allows us to serve the Philadelphia region, and we are increasingly expanding our sales and marketing into southern and central New Jersey. We have served hundreds of customers across the mid-Atlantic, and we hope to continue to grow our business in the New Jersey market over the course of the year.

While Astrum Solar recognizes that the budgetary situation facing the state of New Jersey is a difficult one, and will require hard choices and deep cuts to spending in order to bring it to a resolution, we have several reservations about the Honeywell straw proposal for the Renewable Energy Incentive Program. Specifically, we are concerned that Honeywell's proposal inserts an unnecessary amount of uncertainty into the program, which may undermine confidence in long-term support of solar and clean energy.

This new uncertainty comes from the creation of a lottery application process. We understand that the creation of a lottery would prevent administrative difficulties in creating a waitlist and establishing a priority process for allocating grant funds; avoiding a repeat of the 2010 Round 2 allocation process, where all funds were committed within a few days of opening the grant, is a priority both for the industry and for the program. By creating a lottery system, however, you create a situation where no one really knows whether they will receive a grant, or even what their chances of receiving a grant are.

Certainty is key both for growing businesses and for building consumer confidence. Homeowners making the decision to go solar have a relatively complex economic and value decision in front of them. To add into that decision serious uncertainty about whether they will actually receive any incentive from the state adds one more hurdle to the process, which will likely turn potential candidates away from going solar.

Similarly, businesses operating within the state will have a hard time making business plans for the remainder of 2010. As a Maryland- and Pennsylvania-based company looking to expand operations in New Jersey, Astrum Solar, and many other companies, cannot hire installation crews, or make capital expenditures within the state, until we understand what the environment will be for the remainder of the year.

As an alternative to the lottery system, Astrum Solar would propose instead to simply lower the levels of the grant significantly, to $0.50 or $0.40 per watt. By tripling the potential pool of installations from the Round 2 allocation of this year, a much lowered grant should allow for all serious candidates for solar to receive some incentive from the state. Of course, that incentive will be less than it was during the Round 2 allocation, or than it would be under the Honeywell proposal, but we believe that the most important feature of the program should that it provides certain, transparent incentives to those who apply for them.

We urge the New Jersey Office of Clean Energy to keep it simple by adopting a program with a minimum of administrative hassle, and a maximum of certainty for homeowners looking to go solar, and clean energy businesses operating within the state. Keeping the current grant framework, while tweaking incentive levels, is the clear way to create an incentive that works for all stakeholders during the Round 3 allocation.

THE SOLAR ALLIANCE MEMBER COMPANIES

American Solar Electric
Applied Materials
Borrego Solar
BP Solar
Community Energy
Conergy
First Solar
Kyocera
Mainstream Energy
Mitsubishi Electric
Oerlikon Solar
Sanyo
Schott Solar
Sharp Solar
SolarCity
Solaria
Solar Power Partners
SolarWorld
Solyndra
SPG Solar
SunEdison
SunPower
SunRun
Suntech
Tioga Energy
Trinity Solar
UniRac
Uni-Solar

Working with the states to develop cost-effective PV policies and programs.

The Solar Alliance

June 14, 2010

Kristi Izzo, Secretary
New Jersey Board of Public Utilities
2 Gateway Center
Newark, NJ 07102

Re: OCE Request for Comments on Proposed Additional Funding and/or Program Changes at the June 18 Board Meeting

Dear Secretary Izzo:

The Solar Alliance is a group of approximately 30 photovoltaic (PV) solar development, installation and manufacturing companies in the United States. We work together to advance state legislative and regulatory policies that support solar photovoltaic energy and help capture associated economic development opportunities. And we strive to increase the number and capacity of PV/Solar installations of all types, ensuring the market is vibrant, competitive and diverse. We are writing to today regarding the Office of Clean Energy's request for comments on the straw proposals presented by Honeywell and TRC at the Renewable Energy Committee meeting held on June 11, 2010. The Solar Alliance appreciates the opportunity to provide comments on these proposals.[1]

The Solar Alliance is mindful of the economic circumstances facing the State and the resulting constraints on the Clean Energy Program. These budget realities, coupled with continued reductions in the installed cost of solar are accelerating the phase-out of up-front rebates as the principle incentive mechanism. Our comments will focus on support for:

- streamlining program delivery and moving to a more market based approach for 2011;
- reducing rebate amounts for Funding Cycle 3, in accord with the Market Manager's straw proposal;
- confining rebates to the residential and non-profit segments of the market;
- accelerating the start of Funding Cycle 3, as advanced by OCE Director Winka and Mike Ambrosio;
- moving from quarterly funding cycles to monthly funding cycles;
- shortening the window for project completion.

[1] *The views expressed in this letter are those of the Solar Alliance and not necessarily those of any individual member company.*

Long-Term Program Modifications

Several programmatic proposals were offered at the most recent Renewable Energy Committee meeting for stretching scarce Clean Energy Program resources to support small-scale distributed solar systems. These include: 1) shifting to a platform wherein the state buys down the interest payments on loans secured through private institutions; 2) various market based approaches wherein the developer can offer a discount on the otherwise applicable rebate to advance their position in the queue in the event of oversubscription; and 3) a reexamination of the current program rules with an eye towards streamlining. These concepts have considerable merit and bear further examination. However, insofar as these modifications may require a certain amount of retooling by the Market Manager, these may be longer-term adjustments the Board may wish to undertake for the 2011 budget cycle.

Rebate Levels and Eligibility for Funding Cycle 3

At the commencement of Funding Cycle 2, there was overwhelming demand on the part of rebate applicants and funds were depleted at the opening of the cycle. If the current rebate level is maintained the program will be oversubscribed and funds will be depleted again, resulting in further market uncertainty.

The solar industry seeks continuity in the incentive programs. Business decisions, including staffing and investment, are driven in part by market stability. While the Market Manager's recommended rebate level for the residential segment is directionally correct, we believe the market may bear a more substantial reduction. The Solar Alliance recommends the Board examine whether the residential rebate can be further reduced to $0.40 per watt. This will allow many individuals to continue to receive rebates, spread the funds more evenly across the population of New Jersey residents and ensure fairness and business continuity across all segments of the solar industry. This, coupled with the other modifications suggested in these comments, may also largely obviate the need for a lottery system as an allocation mechanism in the event of over-subscription.

We concur with the recommendation that rebates to commercial segments of the market be eliminated and that residential and non-profit rebates be retained. Residential rebates should include new construction projects and residential PPA financed projects. With the uncertainty around SREC valuations, rebates provide a level of certainty required to make investments in these small solar systems a more palatable risk and help to create a more level playing field within the competitive SREC finance solicitations conducted on behalf of EDCs.

Funding Cycles

With regard to timing, we support the straw proposal advanced by Messrs. Winka and Ambrosio at the June 11, 2011 REC meeting of accelerating the start of funding cycle 3. We believe this will mitigate the discontinuity within the program created by the current budget shortfall. Further, we support the notion of moving from quarterly to monthly funding cycles. This will help break the current psychology of scarcity that is fueling the sharp increase in applications and return the program to steady state conditions.

Commitment Period

The Solar Alliance supports rescinding awards and reallocating committed rebate money for projects that are not completed within six months. The current twelve month commitment period for rebated projects is simply too long. As evidenced by the recent CORE program “scrub”, this unreasonably strands program funds and denies resources to bona fide projects that could otherwise be supporting the state’s solar deployment goal.

Thank you for your consideration.

Very truly yours,

Carrie Cullen Hitt, President

Cc: Lee Solomon, President,

New Jersey Board of Public Utilities

Joseph Fiordaliso, Commissioner

Elizabeth Randall, Commissioner

Jeanne Fox, Commissioner

Nicholas Asselta, Commissioner

New Jersey
Natural Gas

June 14, 2010

Ms. Kristi Izzo, Secretary
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

RE: June 2010 Proposed Changes to NJCEP 2010 Budget

Dear Ms. Izzo:

New Jersey Natural Gas ("NJNG" or the "Company") recognizes the budget constraints that New Jersey's Clean Energy Program ("NJCEP") is currently facing within the existing 2010 budget. We have reviewed the proposed changes to the 2010 budget, released June 7, 2010, and would like to offer the following brief comments for consideration:

- NJNG appreciates and supports the efforts of the Office of Clean Energy ("OCE") to allocate more resources to the Home Performance with Energy Star ("HPES") program. Many local contractors have invested significant time and money in building a business model to serve customers with these more comprehensive whole house retro-fits. It is extremely important to keep HPES open in order to sustain the job growth attributed to this program and to maintain momentum in building this new market.

- In regard to the specific proposal to institute monthly application caps to ensure that the program remains within budget through the remainder of the budget year, NJNG believes that it is critical to exclude NJNG's customers from the cap. As you know, NJNG maintains an ample and separate pool of authorized HPES incentive funding for our customers and, therefore, it would be unnecessarily detrimental to both our customers and trade allies to limit the applications within our territory. NJNG has received no indication from the NJCEP Market Manager that there is any risk that the available funding for our customers is in jeopardy of being fully committed at this time.

- While not specifically addressed within the proposal issued on June 7, NJNG also wanted to respond to the suggestion, discussed at the June 10 NJCEP Energy Efficiency Committee meeting, that would force the customer to choose between the rebate and the financing option. Because this more comprehensive whole house retro-fit market offered through HPES is still emerging, we believe it is important to offer customers the broadest range of incentives in order to meet their varied financial needs and ensure robust participation.

- In regard to the straw proposal for the commercial programs, NJNG is concerned about the programs' ability to serve the needs of the Local Government Entities ("LGEs") seeking to leverage their Energy Efficiency Conservation Block Grant ("EECBG") provided through the American Recovery and Reinvestment Act ("ARRA"). NJNG supports the transfer of an additional $4 million of funding to the Direct Install program and, specifically, the allocation of a significant percentage (60%, or $2.4 million) to serve the LGEs. Based upon what has been reported as the current commitment for the existing Direct Install budget, however, the level of dedicated funding for these entities will, most likely, be insufficient to meet demand. NJNG was pleased to hear a reference to an additional $5 million that may be made available to serve this customer segment through a reallocation of funds from the renewable energy budgets. Yet, even this may not be sufficient to meet demand. Should the Board authorize this additional $7.4 million be transferred into the program to serve the LGEs, and assuming the LGEs install projects that do not exceed $50,000, the low end of the proposed incentive cap, the additional funding would only accommodate 148 projects. Though there may be some entities covered by the existing NJCEP Direct Install budget or by ARRA funding for Direct Install for municipal electric utilities, it does not appear to be sufficient to meet the needs of the 512 eligible participants. We recognize that some projects could be funded in 2011 but believe it is important to embark on the LGE energy efficiency upgrades as soon as possible in order to quickly realize the energy savings that will help to alleviate the burden on local taxpayers, especially in light of recent reductions in state aid.

- Additionally, due to lower than anticipated participation in certain program segments NJNG expects to have a significant amount of funding available from our Economic Stimulus Energy-Efficiency ("E3") program, approved by the BPU in July 2009. In an effort to provide support for customers and trade allies in the budget-constrained programs and to continue to advance energy-efficiency and greenhouse gas reductions within the state, NJNG is eager to work with staff from OCE and the Department of the Public Advocate, Division of Rate Counsel to consider allocating some of the available E3 funding to other programs.

NJNG appreciates the opportunity to provide comments on the Straw Proposal. We want to assure you that we will continue to coordinate our communication efforts with the BPU and the NJCEP Program Managers to help customers and other stakeholders understand the program changes. If there is additional information you would like or questions to be answered, please do not hesitate to contact me at (732) 938-1129.

Sincerely,

Anne-Marie Peracchio

Anne-Marie Peracchio
Director- Conservation and Clean Energy Policy

Cc: Michael Winka, BPU
Michael Ambrosio, AEG
Mona Mosser, BPU

Kate Morecraft

From: jwjenks@netzero.com
Sent: Monday, June 14, 2010 4:39 PM
To: OCE
Cc: davidfry@aservicecompany.com; jeffnlisa@verizon.net
Subject: Straw proposal comments

Hello: Quantum Solar Solutions would like to comment on the straw proposal in changes to NJCEP programs for consideration by the

Board of Public Utilities. Quantum Solar is a small, relatively new installer and integrator of solar systems in the NJ/Eastern Pennsylvania area with projected annual revenue just slightly less $1.0M.

We base our comments on the following information:
Volume of interest in NJ solar rebate program:
The NJ Solar industry was able to generate approximately 1200 OCE applications worth over $7.0M during a "Spring rush sales" period of slightly over 5 weeks between the period of March 26 and May 3, 2010. Some of this sales activity was no doubt due to panic buying concerned about the availability of funds. However, we believe this attitude is still present at the sales level in the solar industry. If the solar industry was able to generate $7.0M in residential rebate value (at $1.35/W) over 5 weeks then it surely can generate well over that amount in the 4 months after May 3. Even if there was some "pent-up" demand prior to March 26 that was flushed out by the concern of loss of a rebate, it would not be unreasonable to expect the solar industry to generate twice or three times the Spring rush rebate value in the 4 months of summer, when solar installation and sales activity is high.

Administrative issues:
There has been a huge increase in applications and a concomitant delay in processing the rebate applications, albeit not due to administrative delays.

Therefore, we would argue that the NJ solar industry will generate a $15-20M rebate value (pro rated at $1.35/W) of sales and deliver these applications to the OCE on September 1. 2010.

Regarding Commercial rebates:
Quantum Solar has seen the price of commercial installations decrease to between $1.00 and 2.00/W less than residential installations. We would argue the time for eliminating rebates for commercial systems has arrived.

Because only approximately $5M is available for residential rebates, We believe there are really only two ways to divvy up the pie:

1. The rebate has to decrease (by a factor of 3-4) or
2. A method to award only a select few to receive the rebate must be developed.

Quantum solar believes that the first option is the fairest, equitable, most transparent, and keeps the principles upon which the program was developed of gradually reducing incentives, and moving forward with the program. We would propose a rebate of between $0.35/W and $0.40/W up to 7.5kW and a cap at 10kW. When we ask what might be an acceptable level of rebate most customers agree that $0.40 -0.50 will still generate interest. If the demand by the consumer remains, the corresponding increase in applications presents an administrative problem at the OCE. The current straw proposal of $1.00/W up to 7.5kW would generate about 700 applications. This number can be reasonably processed by the current staff.

Using the current staff and procedures it is impossible for them to process 3-4 times that many applications generated by a $0.40/W rebate. We think increasing staff is not an option. More applications requires a change in the level of effort required to review an application.

We would propose that with the decrease in value of the rebate from a maximum of $13,500 in May to a maximum of $3,000 ($0.40/W X 7500W) in September, justifies simplifying the process by reducing the level of effort for review and criteria upon which the rebate is awarded.

I am well aware that a decrease in criteria is sometimes interpreted by staff and the contractor as a reduction in the quality and sophistication of the work they do. Please resist the temptation to maintain complexity at the cost of providing incentives to more people.

The way to do this is to go back to the CORE program application with a copy of the contract and copy of the deposit check (of $500).

Either drop the field audit, or drop the energy audit and shading requirements. With the advent of much lower efficiencies in PV building materials shading will become less an issue.   How can you allow 40% shading using PV shingles and architectural components and fail someone on 75% shading with crystalline materials?

Lottery problems:
The problem with a lottery is that is has the appearance of fraud regardless of how transparent you make the process.
One contractor gets 6 of 10 applications approved, another gets 1 of 10 approved.
Regardless of how blind a lottery actually it is associated with gambling. Without getting into fractals and chaos theory, many people believe randomness is associated with poor governance because the regulatory system can't (or isn't smart enough to) develop an otherwise fair system for all.

We need predictability in the way the OCE operates. A lottery reinforces the skepticism of a public that has lost confidence in the predictability and competence of government.

That said, if you decide on a lottery, and you want to get really good applications, you should guarantee each contractor two or three accepted applications in the first week of September. By its nature this keeps the small businessman in the game even if they only get one or two applications in.

As a small businessman, a penalty of submitting only two applications in a lottery system may be that none are accepted.

If you do actually get 2000 applications on September 1, 2010 use the lottery after a demimimus contractor quota.

Thank you for the opportunity to comment.

John Jenks
Quantum Solar Solutions

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66 Morris Avenue, P.O. Box 477, Springfield, NJ 07081-0477
973-467-1400 • Fax 973-467-4066 • www.fmanj.org

Fuel Merchants Association of New Jersey

June 14, 2010

June 14, 2010

To: NJ Office of Clean Energy
RE: Honeywell Straw Proposal

The Fuel Merchants Association of New Jersey has reviewed the 'straw proposal' submitted to the Office of Clean Energy by the Residential Market Manager, Honeywell and offers the following comments.

Home Performance with Energy Star: This program has been mired with issues from inception which have ranged to being severely under subscribed to being severely oversubscribed. FMA appreciates the professionalism, competence and cooperation we have experienced in our dealings with the staff of the NJ Office of Clean Energy, but FMA is compelled to question the performance of the contracted residential program market manager. Management of the program has seemed to be mostly reactionary, resulting in numerous changes to the incentive packages over just the last twelve months, so while some may say the HPwES program is a victim of its own success, it could also be said that the program, through reacting rather than planning, has failed to achieve the proper balance. Properly assessing the market factors in a manner such that the proper 'strike point' is established whereby the incentives are sufficient to encourage consumer participation yet areat a level which is sustainable is necessary and yet to be accomplished. Evaluation of the increased participation in the program through the last four months of 2009 certainly gave indication the program could not be sustained at the funding levels proposed for 2010and was an indicator the incentive levels were not balanced to market conditions.

The Office of Clean Energy staff has worked diligently and has gone 'above and beyond' in its efforts over the past months to shepherd the HPwES program through the challenges posed. These challenges may offer some lessons as well.

As an avid supporter of the HPwES program, FMA certainly supports shifting available resources to provide stop-gap funding for the program. However, FMA strongly encourages the Office of Clean Energy proceed judiciously. The Honeywell Straw Proposal does not discuss adjustment to the incentive package which may be wise to consider. This is an opportune time to evaluate what constitutes an incentive program which achieves the goal of encouraging consumer participation and is structured so it can be sustained with consistency, not only for the remainder of this year, but for future years as well.

Constant changes to consumer incentive offerings are severely damaging and detrimental to the program. It is confusing and disconcerting to the consumer and their frustration and distrust is directed toward the contractors who have worked to make the program successful. Further, program suspensions are detrimental to the contractors working to match the supply of their services to the demands of the programs participants and the market. These suspensions diminish consumer confidence. Reductions in incentives may be unpopular, but both the program and the restoration of consumer confidence are best served if the incentive offering is structured such that it can be sustained and remain consistent through 2011.

FMA encourages the Office of Clean Energy to have their market manager not only propose a shift a resources, but at this time; also submit a proposal for a revised incentive offering. This proposal must be supported with a rationale and an analysis which demonstrates the recommended incentives will not only generate the requisite consumer participation but also are structured in a manner that funds a representative number of projects without the need to endure program suspension in future years.

FMA suggest the OCE, in considering an adjustment of the incentive program look to the auto industry incentive experience. The auto industry has tremendous experience with rebates and financing incentives, but rarely do they offer both the maximum rebate and lowest percent finance for the same purchase. The auto industry typically will have the consumer elect to buy down the finance rate via a reduction in rebate. FMA suggests this approach be considered for the HPwES program for several reasons.

EFS only approves about 50% of applicants, therefore the credit approval process establishes two classes of participants by virtue of an unequal benefit. A participant who qualifies for subsidized financing, in effect; receives $3100 in additional benefit from the program.

1) Not all participants want financing even when qualified. Under the current structure, they effectively elect to receive a lesser benefit than their neighbor who elects financing
2) The benefit to each participant in the program, regardless of form, should be comparable.
3) While different from the current incentive structure, this is a concept readily understood by the consumer.

Accordingly, FMA suggests the $5000 cash incentive be retained, but if the participant elects financing through EFS, the cash rebate be reduced by $2500.. In this manner, the program offers the resource(and perhaps safety net) of financing which is integral for many homeowners considering EE projects costing thousands of dollars, yet the participant can decide the best incentive package for their situation.

The Honeywell straw proposal offers several suggestions to adjust the current HPwES program concurrent with the proposed funding shifts. FMA offers the following comments:
Honeywell recommends:

“Institute monthly caps in applications to insure the program remains within budget through the end of 2010. Additional discussion with OCE, the Market Manager and contractors is necessary to develop a workable system. “

While FMA recognizes this may be essential to the maintenance of a semblance of a HPwES program through year end, FMA cautions any cap program must be carefully balanced so that all participants are assured an equal standing with the program. The complexities of a cap program cannot be understated, and it will be very difficult to implement a program which is fair to both the consumer and contactor alike.

Honeywell has also suggested “Any ARRA component in a project makes the entire project funded by ARRA”.

Certainly FMA is concerned with this recommendation, but realizes all parties share in the impact of the budget issues facing the HPwES program. FMA is confident the Office of Clean Energy shares our view that the ARRA funding for non-IOU residential energy efficiency projects is integral to a state energy policy which reaches all markets and all sectors. If this suggested program change is to be adopted, FMA suggests the following program changes also be adopted:

HPwES projects that involve heating equipment fuel switching (delivered fuels to gas) should not be deemed as including an ARRA component and should be excluded from ARRA funding. This safeguard is essential to preserve the necessary funds for the benefit of the residential consumer base the funding was intended to serve, the non-IOU customer. This market has historically been under served and this funding was not intended to provide a mechanism for encouraging market share of the IOUs.

HPwES contractor incentive payment has remained an unresolved issue for ARRA projects. FMA recommend this be rectified by changing the HPwES program to mandate all contractor incentives due for completion of HPwES approved projects be paid to the approved contractor through the SBC funded budget, thus eliminating any potential conflict with application of ARRA funds.

HPwES project processing for jobs which have an ARRA component should not be subject to program suspensions provided there are available ARRA funds. This is of particular significance for several reasons. HPwES for non-IOU customers is only now ramping up as it is a recent addition to the portfolio and ARRA funds not spent by August 2012 are forfeited. Time is needed to get these jobs done, the program for non-IOU customers did not come online until November of 2009. This was in the midst of the energy delivery season, and consumers were just becoming aware of the energy efficiency opportunities available them in the Spring of 2010. Only 26 months remain for projects to be completed under this program; considering front end and back end processing, this may be realistically an 18 month period

While FMA has and continues working on means to fund non-IOU customer energy efficiency project so this market remains a component of the energy efficiency portfolio, it is important that no available funding be lost due to the budget constraints of other programsHVAC Program: The Honeywell straw proposal suggests:

“Effective July 1st apply $5.9MM SEARP ARRA funding for all Warm & Cool incentives. This step requires confirmation from DOE for implementation.”

The proposal as stated is of great concern to FMA with respect to the impact on the Warm Advantage program. After many years of effort working with the development of the Energy Master Plan and meeting with numerous state offices, oilheat equipment just became qualified for Warm Advantage participation and only through the infusion of federal ARRA funds. This is an important component in support of the state's goal for energy efficiency improvement to reach all sectors of the residential market. Warm advantage for non-IOU customers is in its infancy due to the recent roll out of the program, but it is a vital component of a balanced statewide energy efficiency portfolio as it provides homeowner who heat with oil and propane an incentive, on par with those available for consumers of other fossil fuels, to choose high efficiency boilers and furnaces at the time of upgrade.

FMA advocates funds from the SEARP ARRA funding be retained to fund Warm Advantage for non-IOU consumers. FMA cannot overstate the importance the availability of this funding represents. Again, this is a new addition to the residential energy efficiency portfolio and is essential to support a state energy efficiency policy founded on the participation and penetration of all markets and all customers. Funding for Warm Advantage rebates for non-IOU customers must be maintained at least until another funding mechanism is identified and operational.

As a final note, FMA suggests that within this proposed shift of resources, the Office of Clean Energy consider the need for funding incentives to residential energy audits. FMA is concerned the market manager may have under estimated the importance of this incentive. Yes, large numbers of audits completed yielded a larger than anticipated number of available projects. However, it is the audit that gets the contractor into the home. The audit is a significant tool in the marketing process for it is at that time the consumer receives their initial indoctrination into the science of efficiency improvement. Prior to having an audit, the consumer cannot grasp the concept of total energy savings and the interrelation of their various household systems. Since it is an area of 'unknown' consumers are reluctant to invest in something they do not comprehend.

Incenting home energy audits remains an important component of an effective residential energy efficiency portfolio. As the audit is the tool which introduces the consumer to the concept and the contractor, it therefore becomes the driver which provides the downstream supply of proposals an projects.

FMA appreciates the opportunity to present comments on behalf of our member, our member HPwES contractors and our member's customer for the benefit of the HPwES program. FMA looks forward to the opportunity of continuing to work with the NJ Office of Clean Energy on the state residential energy efficiency portfolio.

John F. Donohue
Special Projects Coordinator
Fuel Merchants Association of NJ

MSEIA
MID-ATLANTIC SOLAR ENERGY INDUSTRIES ASSOCIATION

c/o Rutgers EcoComplex, Suite 208-B
1200 Florence-Columbus Road, Bordentown, NJ 08505

Dolores A. Phillips, MPH, Executive Director
609-516-3526 | dphillips@mseia.net

June 14, 2010

Mr. Michael Winka
Director, NJ Clean Energy Program
44 S. Clinton Ave.
Trenton, NJ 08625
Cc: Scott Hunter; Larry Barth; Mike Ambrosio

Dear Mr. Winka:

Please accept the following comments and recommendations from the Mid-Atlantic Solar Energy Industries Association (MSEIA) in response to the straw proposal for further budget reductions and changes to the renewable energy programs in the NJCEP.

MSEIA is the region's solar energy industry trade association for NJ, PA, and DE. MSEIA is an affiliate of the national Solar Energy Industries Association and consists of membership that is made from a variety of solar energy businesses, suppliers, and services, but primarily consists of small and mid-sized PV integrators who form the primary base for the permanent year-round clean energy jobs that all policy-makers seek to establish.

MSEIA has polled our members asking for votes, written comments, and a member-wide conference call over the past few days to achieve a thorough and accurate understanding of how these changes will affect the growth of the solar industry in NJ, and how it will affect small and mid-sized businesses.

MSEIA wishes to go on the record with our assessment that the unprecedented and sudden surge in applications for the program in May reflected not a natural increase in demand, but rather a panicked response to the BPU's announcement of a cut in the budget for rebates, and the administration's announcement that it was seizing $158MM of ratepayer funds from the Clean Energy Program. The Clean Energy Program's receipt of over 1,000 applications in a period of three days represented a rush by desperate businesses to get the last available funds. The most effective and correct way to restore normalcy in the market is to restore funds to the rebate budget from the seized funds.

MSEIA also wishes to document its opposition to the transfer of the $8 MM of REIP scrubbed PV project revenue to other programs at the NJCEP. Funds that were previously approved for PV projects and committed for many months should continue to be used for solar. MSEIA requests that the entire $8MM of REIP scrub revenue be transferred back into the REIP solar incentive fund.

With regard to the straw proposal, MSEIA recommends the following:

REIP Rebate Level for Residential Solar (up to 10 KW): $0.85/W

Non-Residential up to 50 KW: $0.50/W

Handling of applications:

- Recommend that all applications are accepted only by mail.
- Applications limited to 10 applications per installer per day
- On the day that applications exceed the remaining funds, the applications received that day would be selected by a lottery.

MSEIA is continues to work on achieving consensus within the membership on the issues of rebates for residential PPA's and the size cap on rebates for residential systems. In view of the short time allowed between publication of the final straw proposal and the requested deadline for comments, we hope that late comments on these issues will be accepted.

Thank you for your consideration of these comments.

Respectfully submitted,

Dolores A. Phillips

Dolores A. Phillips, M.P.H.
Executive Director

State of New Jersey
DEPARTMENT OF THE PUBLIC ADVOCATE
DIVISION OF RATE COUNSEL
31 CLINTON STREET, 11TH FL
P. O. BOX 46005
NEWARK, NEW JERSEY 07101

STEFANIE A. BRAND
Acting Public Advocate
Director – Rate Counsel

Comments of the New Jersey Department of the Public Advocate
Division of Rate Counsel

2010 Budget for Renewable Energy and Energy Efficiency Programs
June 15, 2010

Please accept the within informal comments submitted on behalf of the the New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") regarding the straw proposals for 2010 Energy Efficiency ("EE") and Renewable Energy ("RE") budget and program revisions.

Renewable Energy Program Straw Proposal

Rate Counsel supports OCE's proposal to reduce overall rebate caps and rebate levels in order to extend program benefits across a wider range of installations. Rate Counsel also supports the modifications of program eligibility that includes restricting non-residential applications to non-profit and government allocations. Rate Counsel takes no position at the current time in extending the program eligibility to residential purchased power agreements ("PPA"). Rate Counsel does recommend, however, that OCE reconsider all of the current program modifications made in this Funding Cycle 3 ("FC3") proposal and that none be precedent setting.

Rate Counsel's support of the current FC3 proposal is based upon the Straw Proposal's overall reasonableness relative to the dollars at question, and the relatively limited and expedited time period under which these proposals can be considered, changed, and implemented.

Rate Counsel is particularly concerned about what appears to an inadequate process of "searching out" the best rebate amount and level in the market to fund an adequate number of projects at the least cost to ratepayers. The fact that program applications far exceed available funding suggests that the program is still too "rich" and is over-incenting development. This is a program deficiency that should be addressed in the future. Pro forma analyses of the likely best rebate level is simply too generic and potentially misses a large number of efficiency improvements that could be made in the rebate process. The random selection of projects outlined in the Straw Proposal, while expedient, is simply an inefficient method of picking 'winners' and 'losers' in this process, and runs counter to the Board's overall goals of encouraging competition in renewable energy markets where possible.

Rate Counsel supports, at least in general principle, the suggested program modifications offered by Michael Flett (Flett Exchange) in the last Renewable Energy Committee meeting that would use a competitive bidding process for determining the appropriate rebate level for each individual project. Such a project would reduce, if not eliminate, the efficiencies inherent in the current one-size-fits-all approach. A competitive bidding process will facilitate project differentiation and financial needs, potentially delivering more solar capacity at lower unit costs. Rate Counsel is mindful, however, that concerns regarding administrative costs, relative to program/funding cycle size, needs to be evaluated further. Rate Counsel would support continued discussion on this potential rebate alternative.

Energy Efficiency Program Straw Proposal

Rate Counsel submits the following comments in response to the request for comments on the straw proposals submitted by EE Market Managers TRC Energy Services and Honeywell for changes to the 2010 New Jersey's Clean Energy Programs ("CEP") EE programs which were distributed to the Energy Efficiency listserve on June 7, 2010.

Honeywell and TRC propose largely reasonable modifications to the energy efficiency CEP which appear better match the budgets and programs designs to the available funds, given patterns of market demand for the programs. For residential energy efficiency, Honeywell's straw proposal increases the 2010 budget for Home Performance with Energy Star ("HPwES"), the efficiency retrofit program for existing houses. This would be the second increase to the HPwES program this year. Earlier, the HPwES budget was increased by $5 million. For commercial and industrial energy efficiency, a notable element of TRC's proposal is a reduction in the incentive for customers in the Direct Install program from 80% of project costs to 60% of project costs and an increase in the budget for that program by as much as an additional $4 million.

The proposed modifications seem to comport with two related objectives: (1) to maintain program momentum, and (2) to reduce or avoid confusion in the marketplace. The HPwES program has gained momentum despite two suspensions in accepting applications, and it appears that the Direct Install program has done likewise. In general, Rate Counsel is supportive of these goals. However, it is not clear the extent to which cost effectiveness has been considered in making these recommendations. For example, the Large Appliance Early Retirement program produces good energy savings per participant, yet the proposed modifications reduce the budget for this program. The appliance retirement program's budget should not be reduced by $1,545,000 as suggested by Honeywell in order to add to the HPwES budget. Even without including this element the 2010 HPwES budget would be increased by a very large $12,158,734.

The above comments are limited in scope to the straw proposals presented for 2010 EE budget revisions. Rate Counsel submits that a more detailed review of the EE budget and programs should be performed in the context of the annual EE budget approval process, recognizing recent expansions of electric and gas utility EE programs.

Very truly yours,

STEFANIE A. BRAND
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Comments BPU hearing 3-25-10

Name: Danielle Heise
Company: TechniArt – Energy Saving Outlet

With so many programs offered by the BPU/NJCEP,

The Question is … What works and what doesn't work?

I, Danielle Heise am the program manager for TechniArt which is part of the GNJRT also known as the Green New Jersey Resource Team. We operate under the residential side of NJCEP through Honeywell. We also recently opened the Energy Saving Outlet in Green Brook which is part of the residential markdown programs also run by Honeywell.

Spending most of my career in the field, there is nothing like human interaction one on one. To learn about energy efficiency in a non-competitive setting, where folks can take their time, have their questions answered, and learn about which programs are available through the state or utility that suit their needs along with how to get started…… Is what we've found everyone is looking for.

TechniArt's approach is unique because we are the only partner on the GNJRT that goes into businesses throughout the entire state and educates employees about energy savings pertaining to lighting and conservation. We explain the benefits of an incandecent vs. CFL vs. LED, color temperature, what's an SBC charge and how this program brings to life their contribution. They often comment how it's nice to see where there money is going.

Last year in 2009, we helped 20,000 people switch over from Incandescent to CFL's or LED's. We helped educate, service and provided them with information about all the other NJCEP programs & rebates (i.e. Solar, refrigeration, renewable, warm/cool advantage, HPeS, and many more..), this gave them the tools to make an informed decision creating more cognizance of their energy consumption, thereby lowering their own carbon footprint. At the conclusion of the event we provided the company with an ENERGY STAR savings report reflecting total consumption of EE products. Most companies went ahead and published these findings internally, showing how everyone makes a difference. TechniArt's one on one approach through the workplace has proven to be a true measurement of market transformation at its best. Another thing we do as far as cross promotion is … we have piggy back events with local utility education outreach coordinators, meaning if we are in NJNG's service territory the NJNG rep comes along and sets up a table alongside us to promote their conserve to preserve program.

TechniArt's method of B2B mixed with employee interest allows people come down away from their desks to learn about lighting, take home items and use them right away because of subsidized dollars reducing all the prices, but they also spend time learning about all the programs NJNG offers as well. It's a win win for everyone.

Our newest project is The Energy Saving Outlet: a brand new concept that came alive through the markdown side. This concept is a whole house approach under one roof. We've brought all the programs, contractors, rebates, utilities, nonprofits, and subsidized dollars together all under one roof. This is a place where Joe Smith and his neighbors can come, purchase their light bulbs for $1.00, and ask questions on how radiant heat works, how do I apply for the A/C rebate, or what does it really take to put Solar on my house and how much will I get back? There will be 16 categories to inquire about, a conference section for lunch and learn sessions, a place where science classes and interested groups can come and see what types of Sustainable, Renewable, Energy Saving Products are out there. People today are ready for the next step, they just need the education. And they want it from someone they can trust. New Jersey has built that reputation by being a leader Nationally in clean energy, right behind California. We as a state have worked hard to gain such recognition and want to keep the momentum going. We here at TechniArt and the Energy Saving Outlet are committed to continuing to help build NJ's reputation on behalf of the BPU and NJCEP. We strive to make the message clear to businesses and residents in the state. The funding provided by NJCEP allows us to continue to do so on your behalf. Without funding programs like mine would not have helped 20,000 people take action and change their habits immediately.

Let us help you streamline the message, create awareness, & make the most out of what this State wants to offer it's residents & businesses.

Thank you again Mr. Solomon for your time and for hearing us out.