



STATE OF NEW JERSEY
Board of Public Utilities
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www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY) ORDER
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)
ANALYSIS FOR THE 2009 THROUGH 2012 CLEAN)
ENERGY PROGRAM – REVISED 2012-2013 PROGRAMS)
& BUDGETS - REVISED REBATE APPROVAL PROCESS) DOCKET NO. EO07030203

Parties of Record:

Joseph Gennello, Honeywell Utility Solutions
Carl Teter, Associate Vice President, TRC Solutions
Michael Ambrosio, Applied Energy Group

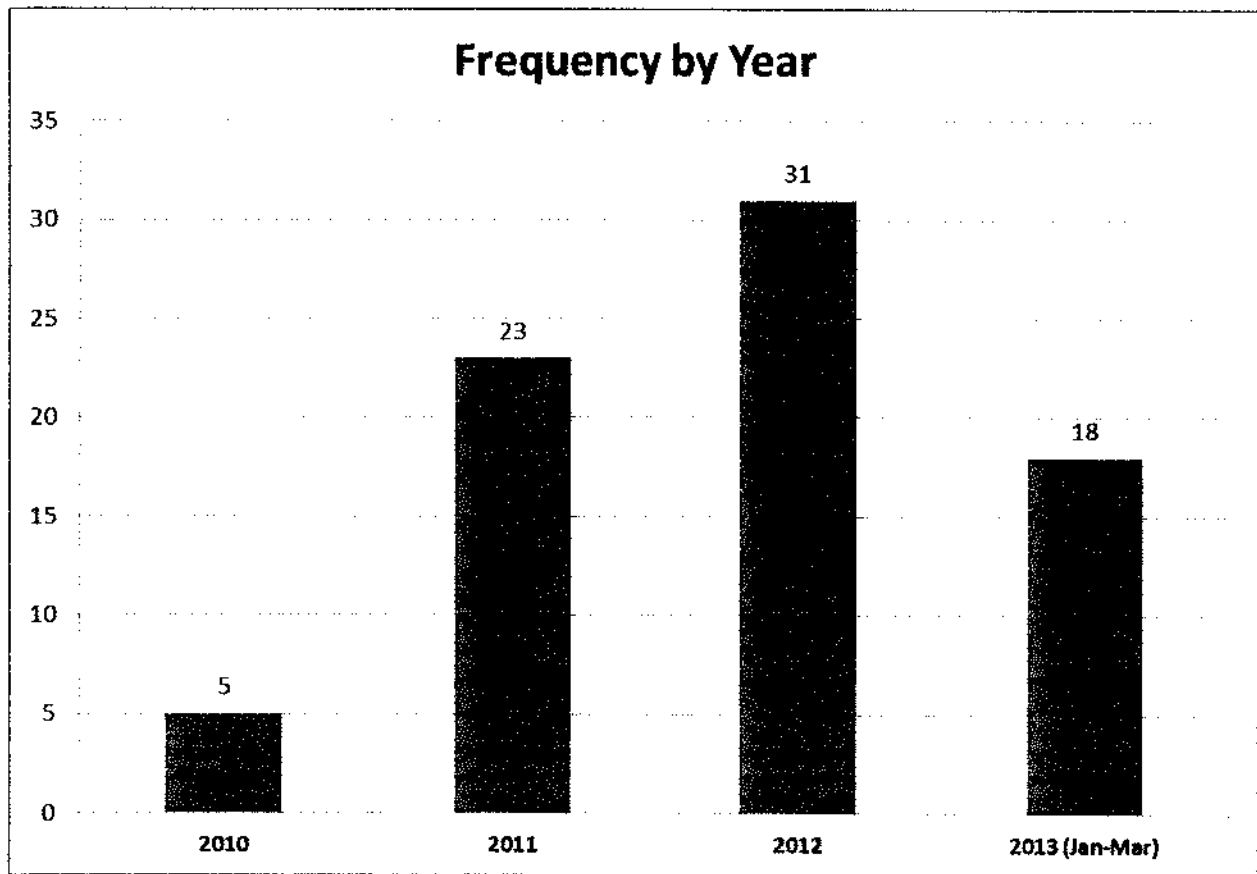
BY THE BOARD:

During 2007, the Board implemented a policy that required Board approval prior to the issuance of a rebate approval letter for all energy efficiency rebates in excess of \$50,000 and all renewable energy rebates in excess of \$100,000. That policy was revised by Order dated March 31, 2008, Docket No. EX04040276, when the Board approved increasing the threshold for approval of energy efficiency rebates from \$50,000 to \$100,000. The policy change was recommended in light of a probable increase in the number of applications above the \$50,000 threshold as well as the hardship and delay caused by the Board's approval process. Currently, the Board's policy requires Board approval of all rebates and financial incentives exceeding \$300,000 before the Board's contracted Market Managers, Honeywell Utility Solutions (Honeywell) and TRC Energy Solutions (TRC), may issue a rebate approval letter. In this Order, the Board considers and approves modifications to its policy regarding New Jersey Clean Energy Program (NJCEP) incentives. This Order does not affect current Board policy regarding grant or contract awards.

By Order dated January 8, 2009, Docket No. EO07030203 (the 2009 Budget Order), the Board approved a number of changes to the 2009 NJCEP Commercial and Industrial (C&I) energy efficiency (EE) programs, including an increased maximum rebate of \$500,000 under the C&I Construction program and a maximum rebate of \$1 million per metered customer under the Pay-for-Performance, which offers financial and other incentives for the installation of energy efficiency and renewable energy systems. By Order dated August 7, 2009 (the 2009 Revised Budget Order), Docket No. EO07030203, the Board approved revisions to its 2009 programs and budgets by increasing the maximum rebates for Pay-for-Performance (P4P) customers from \$1 million to \$2 million per meter and by increasing the maximum incentive available under the Local Government Energy Audit program from \$100,000 to \$300,000. The 2009 program changes approved by the Board in its 2009 Budget Order and its Revised 2009 Budget Order were expected to significantly increase the number of projects with rebates in excess of \$100,000. Due to the anticipated increase in rebate applications in excess of \$100,000 and a

need to align the rebate approval process with State and federal efforts to quickly develop meritorious projects consistent with The American Recovery and Reinvestment Act of 2009, Staff requested and the Board approved an increase in the threshold for Board approval of energy efficiency rebates from \$100,000 to \$300,000 by Order dated September 29, 2009, Docket No. EO07030203.

From 2009 to 2013, the Board increased the NJCEP C&I maximum rebate amounts to develop the energy efficiency market. NJCEP C&I programs that were once new and not well-known built up awareness in the marketplace. The increasing level of activity in the marketplace, as evidenced in the chart below, includes the number of applications spanning all of the NJCEP C&I programs that have been reviewed and approved by the Board. Note that in the first three months of 2013, the Board approved 18 projects, which approximate 78% of the total number of projects approved in 2011 and 58% of the total number of projects approved in 2012.



Staff notes that the current policy requiring Board approval prior to issuance of a rebate approval letter has resulted in substantial delays in project development by up to two-to-three months. On average, the NJCEP is receiving 6 applications each month that exceed the \$300,000 threshold. Of these applications, 2-3 have exceeded the new, recommended threshold of \$500,000. As a result of the historical three-year trend reflecting an increase in rebate applications, Staff recognized that more projects are likely to be delayed absent a change in policy. With sufficient NJCEP program delivery procedures in place to ensure rebate approvals are issued only if the Board's approved program requirements are met, Staff recommends that the current policy be modified to require Board approval of all NJCEP C&I EE rebates and financial incentives exceeding \$500,000 before the Board's contracted Market

Managers,¹ Honeywell Utility Solutions (Honeywell) and TRC Energy Solutions (TRC), may issue a rebate approval letter. At Staff's recommendation, the current threshold amount of \$300,000 would increase to \$500,000 requiring Board review.


Going forward, Staff will continue to report on a monthly basis those applications that exceed the \$300,000 threshold, including the applicant's name, proposed project and project cost, amount of incentive and anticipated energy savings.

The Board supports initiatives aimed at stimulating the development of clean energy market, but shares Staff's concerns. In light of the historic increase in activity in the market, the need to address delayed project development to the extent possible, and with sufficient program delivery procedures in place to ensure rebate approvals are issued only if the Board's approved program requirements are met, the Board **HEREBY FINDS** that Staff's recommendation is reasonable. Accordingly, the Board **HEREBY MODIFIES** its current policy to require Board approval for all NJCEP C&I EE rebates and financial incentives exceeding \$500,000 before the Board's contracted Market Managers, Honeywell Utility Solutions (Honeywell) and TRC Energy Solutions (TRC), may issue a rebate approval letter. This policy shall be effective once service has been rendered. Despite this change in policy regarding rebate approvals, Board approval is still required for all grants and contract awards.

DATED: 5/3/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

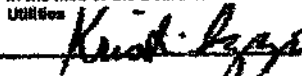

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



¹ Upon award of the contract for a Program Administrator under solicitation number 13-x-22546, this policy would also pertain to the Program Administrator.

IN THE MATTER OF COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE
ENERGY RESOURCE ANALYSIS FOR 2009 -2012: REVISED REBATE APPROVAL
PROCEDURES

DOCKET NO. EO07030203

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