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STATE OF NEW JERSEY
PUBLIC HEARING

-----)
IN RE:)
CLEAN ENERGY MASTER PLAN)
WORKING GROUP)
-----)

Transcript of proceedings taken at the
Rutgers Eco Complex, 1200 Florence-Columbus Road,
Bordentown, New Jersey, on October 21, 2011,
commencing at 9:45 a.m..

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COMMISSION MEMBERS:
Lee A. Solomon, President
Jeanne M. Fox
Joe Fiordaliso
Nicholas Asselta
Rhea Brekke, Chief of Staff, via speakerphone

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1 PRESIDENT SOLOMON: Good morning,
2 everybody. And thanks a lot for coming.
3 As you know we are here to review some of
4 what's been provided to us by way of
5 reports regarding implementation of our
6 Clean Energy Master Plan. We are going to
7 get an overview of the Clean Energy work

8 Group, one of the Work Group
9 recommendations, from Steve Goldenberg who
10 is the Work Group Chair.

11 After that we are going to have a
12 number of speakers who would like to speak
13 to the issues raised. And then the
14 speakers will sit and I or the other
15 Commissioners, if I can't answer the
16 question, will entertain questions. If any
17 of the questions are to be directed to any
18 of the Committee members or speakers direct
19 them to me, and to the extent that I think
20 it is appropriate for them to answer,
21 everything is being recorded by court
22 stenographer, so I think to the extent I
23 think it is appropriate for them to respond
24 I will ask them to respond if they're
25 comfortable doing so. The one thing I

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1 don't want to do is I want to get
2 information, I don't want to get into a
3 debate. So everybody, including I, will
4 act accordingly. And that will be the
5 nature of the question and answer period.
6 And we will take as much time as you need
7 to get it done, I am very low tech, so give
8 me a second.

9 You know the draft Master Plan was
10 released in June of 2011 by the Governor
11 and we hosted a series of public hearings,

12 which many of you were at, if not all of
13 you, in July and August. We received more
14 than 300 comments, oral and written, which
15 are currently being reviewed by the
16 Commissioners and staff. And that review
17 will be completed sometime before the end
18 of the year.

19 we also recognize the need to solicit
20 more specific comments and recommendations
21 on specific issues addressed by the Plan.
22 It does talk in somewhat broad strokes,
23 goals, targets, but we needed some more
24 input on implementation and how to get, as
25 I said, to each of the groups from point A

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1 to point B.

2 we assembled four working groups, they
3 were comprised of people from all different
4 walks of life, subject matter experts from
5 various industries, academia, membership
6 organizations, and others, to provide us
7 with specific recommendations on clean
8 energy funding, which we'll hear about
9 today from Steve and others.

10 Alternative-fueled vehicles, and I received
11 a lot of questions from a lot of people
12 about the transportation aspects, including
13 Commissioner Fox. I think that report will
14 shed some light on it, but maybe all of

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15 these could be expanded upon.

16 And one of things I want you to know,
17 I think you all know this, is the Master
18 Plan is not final. And the reports are not
19 automatically implemented. They're
20 considered, they're debated, they're
21 discussed, they may or may not be part of
22 what ultimately is the final draft or
23 ultimately is the implementation plan. But
24 they are proposals from people who have
25 specific and broad knowledge in their

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1 target and subject areas. We also have
2 innovative technologies and biomass.

3 We provided each of the groups with a
4 series of questions to address, they're
5 answered in detailed recommendation reports
6 provided by each group, they are all
7 available on the website for anybody who
8 wants to review them. You probably already
9 have, and certainly we have as well.

10 Our goal today is to provide you with
11 an opportunity to hear about the
12 recommendations and ask questions or make
13 comments. And we will have a number of
14 commenters today. Not commoners,
15 commenters.

16 We have a court reporter present, as I
17 mentioned, so we will have a formal record
18 of our discussions, which you can of course

19 order from the court reporter, if you so
20 wish.

21 We will accept written comments up
22 until on or before November 4th, which I
23 think is two weeks from today, although I
24 am not good at calculating that. And we
25 use all of the comments we received, as

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1 well as from these proceedings as well as
2 our EMP hearings as we begin to finalize
3 the Energy Master Plan. We have other
4 hearings scheduled here at the Echo Complex
5 for November 1st from 1:00 p.m. to
6 4:00 p.m. on alternatively-fueled vehicles,
7 that work Group. November 7th from 9:30 to
8 12:30 on innovative technologies that work
9 Group. And November 10th will be the last
10 one from 9:30 to 12:30 for the biomass work
11 Group.

12 So, Steve, you're up. And summarize
13 any way you wish, and then I will entertain
14 some other speakers. Thank you.

15 STEVE GOLDENBERG: Good morning.
16 Thank you, President Solomon, members of
17 the Board, members of the public.
18 Preliminarily on behalf of the members of
19 the work Group we wanted to thank you,
20 President Solomon, and the Commissioners,
21 for the confidence that you expressed in

22 us, we found it gratifying. And we hope
23 that the report that we've now released
24 justifies the trust that you've placed in
25 us.

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1 I thought it would be important as a
2 threshold matter to introduce some of the
3 other members of the work group, most of
4 whom are here today, all of whom
5 contributed to the report. And you can
6 either thank or blame them for their work.

7 First Stefanie Brand who is the
8 director of the Division of Rate Council.
9 They're all seated up here, so people who
10 brought tomatoes you can scatter your
11 targets. Paul Flanagan is not here, he is
12 the litigation manager of the Division of
13 Rate Council. Anne-Marie Peracchio is with
14 New Jersey Natural Gas. Shari Shapiro is
15 an attorney with Cozen O'Connor. Mike
16 Fischette here, right, he is the CEO of
17 Concord Engineering. Larry Sweeney could
18 not be here today, he is also a director of
19 Jersey Central Power and Light Company.
20 Sara Bluhm, seated up front, vice-president
21 with the New Jersey Business of Industry
22 Association. Mark Bellin, seated up front,
23 is the president of Sarmelel, LLC. Steven
24 Klein, who could not be with us today, is
25 the managing principal of First

1 Infrastructure, Inc..

2 As you can see from the introduction
3 we were a diverse group, which came in
4 handy. We were able to bring to the table
5 on our own collective experiences which
6 benefitted the group, it enabled us to have
7 a fairly robust conversation about most of
8 these topics. And it also helped in terms
9 of the series of interviews that we
10 conducted over a two-month period with
11 members of the Office of Clean Energy, the
12 market managers. The program coordinator,
13 Richard Sedano, who some of you may know,
14 is an expert on energy efficiency and
15 energy efficiency utilities, he is with the
16 Regulatory Assistance Project.

17 It was a very robust two months, it
18 wasn't a lot of time to cover a lot of
19 territory. Frankly, we took certain
20 liberties with the topics that we were
21 given so that we could conduct a fairly
22 comprehensive analysis of the energy
23 efficiency and renewable energy programs.
24 And we think that the report that we've now
25 given is fairly comprehensive, and I think

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1 presents a good cross section of the issues
2 on some of the matters that need to be
3 discussed on a going-forward basis.
4 We didn't always have a majority, and
5 I think the report is fairly clear about
6 that. Where we were not able to have a
7 majority we've indicated that certain
8 members have certain feelings about topics.
9 Where there was a majority we made a number
10 of affirmative recommendations.
11 I wanted to just briefly address some
12 of those recommendations, and then I guess
13 let the questions and comments begin.
14 One of the primary recommendations
15 that we made was to support the RFI that
16 was issued recently by the Board to
17 transition to administration by a single
18 third-party contracting entity that would
19 be known as the program administrator. The
20 work group agreed with the RFI's analysis
21 that multiple and overlapping layers of
22 authority that are part of the current
23 program structure of LEED's inefficiencies
24 and added costs.
25 Currently you have the Office of Clean

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1 Energy, a program administrator, a
2 coordinator of the applied energy group,
3 two market managers, Honeywell for
4 residential programs and TRC for commercial

5 and industrial programs, and under them a
6 rather expansive network of subcontractors.
7 Under the structure that the RFI, and we
8 recommend it would be streamlined to only
9 include the Office of Clean Energy in an
10 oversight and governance role with the
11 third-party program administrator under
12 that and subcontractors under that.

13 The Office of Clean Energy, we would
14 recommend, should play primarily an
15 oversight and governance role, which would
16 include budgeting, program development,
17 fiscal administration, and program
18 evaluation.

19 One of the initial threshold issues
20 that we dealt with as well related to the
21 role of the utilities both historically and
22 on a going forward basis. The Energy
23 Master Plan recognized, we think properly,
24 that the utilities have had and should
25 continue to have a significant role in the

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1 delivery of energy efficiency and renewable
2 energy programming. The reason for that is
3 simple, they are the ones that have the
4 relationships with customers, they deal
5 with residential customers, they deal with
6 the so-called hard to reach customers; many
7 of whom would not be the subject of

8 marketing activities by independent
9 companies. So we think that their role is
10 very important. But we also had to
11 recognize that the utilities are not united
12 in their thoughts about how to proceed on
13 these subjects.

14 If you read the history that's in the
15 report of where we started and how we got
16 to where we are you will see that
17 responsibility for the energy efficiency
18 programs is guided from the Board to the
19 utilities back to the Board to somewhere in
20 between. And as a consequence of that
21 there are some utilities that are currently
22 actively engaged in these programs, while
23 at least one really doesn't want to be
24 involved at all, and there are several in
25 the middle.

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1 So to view the utilities as the
2 solution across the board is something that
3 really can't happen, simply because they're
4 not all at the table, and there are a
5 number of issues that would have to be
6 resolved, we think, to get them there.

7 So where we came out was that we
8 recommend that utilities have a role going
9 forward, but that role should be determined
10 in part like how other programs from the
11 Clean Energy Program are evaluated. If it

12 makes sense, if they are cost effective, if
13 they deliver what is projected for them
14 then that's a valuable program, and we
15 think that should occur. Where the
16 programs are expensive we think we should
17 take a much harder look at those.

18 When we looked at the role of the
19 utilities it's a natural segway to the role
20 of the so-called energy efficiency utility.
21 Because generally throughout the country
22 utilities play a very significant role in
23 those EEU's that have developed. The
24 Energy Efficiency Utility is a model that's
25 been around since the last Energy Master

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1 Plan. We have entities like Efficiency
2 Vermont that have been looked to as a model
3 for the delivery of energy efficiency
4 programs.

5 Frankly, after having read a few State
6 Statutes and read some reports and heard
7 from Rich Sedano it's still somewhat of an
8 amorphous concept to me. And in part that
9 results from the fact that there isn't a
10 single structure that's been adopted for
11 EEU's throughout the country. There are
12 very different structures that have been
13 adopted, the utilities play varying roles
14 in different states. And the issue of who

15 populates the Energy Efficiency Utility I
16 think determines a lot in terms of how it
17 is how they accomplish their purpose.

18 Essentially an EEU is a nonprofit
19 entity, generally speaking, that's awarded
20 a contract to administer an energy
21 efficiency program on a statewide basis.
22 what we found attractive, and I think one
23 of the motivating factors behind the
24 Board's asking us to take a look at it as a
25 potential structure is the use of the

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1 fiscal agent, which is attractive because
2 the fiscal agent would control monies that
3 are collected by the utilities and kept out
4 of a general fund and held independently of
5 the State's money. The idea is that by
6 structuring the finances in this way this
7 would facilitate procurements, make the
8 programs more market responsive, and have
9 other good results, and money that's
10 collected would not be subject to
11 appropriation.

12 One of the problems that we had with
13 it was that in order to structure it that
14 way would require legislation, which is
15 something that made it less attractive to
16 us, and we were not willing to make that as
17 a recommendation.

18 The group also has made a number of

19 strong recommendations in terms of the need
20 for additional program evaluation both
21 before and after programs are implemented.
22 Before the programs are approved we've
23 recommended that the program use additional
24 market research, including the cost benefit
25 analysis and to vet the programs through a

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1 process that's similar to what the
2 utilities do when they submit a reg.
3 section 13 filing, which is to say that
4 there are certain minimum filing
5 requirements that need to be made. The
6 vetting is much more structured, people
7 have a greater opportunity for input, and
8 we think that's a good idea.

9 Apparently it's been several years
10 since a real serious evaluation of the
11 programs along the lines that we're
12 suggesting has been conducted, and we think
13 that's an important thing to do.

14 After program approval we believe that
15 measurement and verification protocols
16 should be adopted and consistently applied
17 to all programs, whether they're programs
18 of the Office of Clean Energy or the
19 utilities. We've recommended that standard
20 metrics be adopted, for example a cost per
21 kilowatt hour saved or cost in dollars per

22 MMBTU saved, just to be the standard
23 benchmark by which these programs can be
24 analyzed for effectiveness. We don't do
25 that now. And at least several utility

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1 executives have suggested to me that that
2 would probably be a good thing, because
3 they might look a little better than people
4 give them credit for. And if that's the
5 case, then that's a good result.

6 But I think we should know which
7 programs really do deliver the goods and
8 which might not. And to the extent that a
9 program doesn't, you have to determine what
10 to do with it.

11 we think that every program should
12 have specific budgets, goals and metrics
13 for evaluation, and program evaluation must
14 be transparent, rigorous and ongoing.

15 we've also recommended that the OCE
16 budgeting and fiscal administration be
17 improved. One thing that jumped out at us
18 was a fairly consistent history of
19 budgetary surpluses that are not
20 inconsequential, in fact they're rather
21 significant. We believe that's
22 problematic. Because when you have an
23 exposed surplus it's subject to
24 appropriation and to the State's general
25 fund. And we think that instead of having

1 these on a recurring basis the State or the
2 office of Clean Energy should begin
3 analysis of these programs with a more
4 realistic estimate of the funds that are
5 going to be needed for them to avoid these
6 overflows. And to the extent that a
7 surplus occurs the money should be promptly
8 returned to rate payers through a reduction
9 in the following year's SPC. We think that
10 this alone could result in a fairly
11 dramatic increase in the SPC charge, which
12 is something that we view as a very good
13 goal.

14 Another thing that we've recommended
15 is we encourage performance-based
16 contracting with incentives for the program
17 administrator. Based at least in part on
18 the success of the programs in terms of
19 market penetration and other metrics we're
20 recommending that fewer fixed fees be
21 permitted so that whoever is in charge of
22 the program has an incentive to make them
23 successful.

24 We've recommended that Treasury adopt
25 a desiccated unit that would be assigned to

1 the BPU to ensure that payments are
2 facilitated both to customers and to
3 subcontractors, again in an effort to make
4 these programs more market responsive,
5 which was frankly a recurring issue that
6 came up in a number of respects.

7 The work Group has recommended greater
8 use of the Energy Savings Improvement Law
9 or ESIP, which was a law that was enacted
10 about three years ago to enable
11 governmental entities to finance and
12 achieve energy savings on a self-funded
13 basis. We consider this program to be a
14 real winner, because in a bad budget
15 environment there's so much infrastructure
16 work that needs to be done in this state,
17 and to have it done on a self-funding basis
18 we think makes all the sense in the world
19 and should certainly be the preferred
20 method of energy efficiency delivery to
21 governmental entities, whether it's the
22 State leading by example to municipalities
23 or School Boards. And unfortunately it
24 hasn't been the case so far. On the
25 statewide level, again although the law is

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1 three years old and we've had a director of
2 energy savings in place, the State really
3 hasn't done a single ESIP project of any
4 consequence because the program seems to be

5 mired in a number of bureaucratic issues.
6 And we encourage the administration to
7 resolve those.

8 On the School Board level there have
9 been competitive issues, which also need to
10 be addressed and finally resolved.

11 ESIP could be the economic development
12 job creation vehicle that would really spur
13 a lot of development and job creation and
14 should not be avoided.

15 we also support plans to find
16 additional ways to support combined heat
17 and power projects.

18 On the subject of revolving loans the
19 thought is that the State would establish a
20 pool of dollars out of which either no or
21 lower-interest loans would be made to
22 program participants. Eventually and
23 ideally replacing the societal benefits
24 chart, because it would be self
25 replenishing, and we wouldn't have to

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1 continue to have people pay us PC charges
2 every year.

3 we concluded that while the revolving
4 fund sources may be able to play a greater
5 role in the future, they don't present a
6 quicker, easy means of reducing the need
7 for other incentives.

8 we heard a lot from the market
9 managers and the program coordinator on
10 this, and however attractive it is there
11 are several problems involved in the near
12 term with a revolving loan fund, not the
13 least of which is that it requires a rather
14 large infusion of capital in the near term.
15 We studied most of the programs that
16 have revolving funds throughout the
17 country, in fact we had a three or four
18 page printout of each of them. And the
19 vast majority of them were funded initially
20 by Ara funds, which are no longer
21 available, so you get to see that we need
22 to find a source of seed money.
23 I think one of the most on the ground
24 type problems with switching over from a
25 rebate-based program to a loan program you

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1 look at it in terms of first cost barriers
2 in implementing these programs. I've
3 mentioned in several contexts if you have a
4 residential rate payer who has an operating
5 furnace or refrigerator and they're having
6 difficulties paying their bills each month,
7 offering them a low or no-interest loan to
8 replace something just to make it more
9 efficient going forward probably won't be
10 attractive. While something like that may
11 be more attractive to a larger energy user,

12 even in this budget environment capital is
13 tight. And it's possible that market
14 penetration wouldn't even occur at that
15 level at this point. So that's a problem.
16 And we were told very emphatically by the
17 people who are managing these programs that
18 we need to avoid market shock in going from
19 one program to another, we need certainty
20 in the marketplace. And I think a move
21 towards a revolving fund approach would
22 need to be implemented over time after
23 people are, frankly, trained to implement
24 it and taught about these programs.
25 There are also a number of costs

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1 involved which we detail in the report, and
2 in terms of floating the loans, the cost of
3 borrowing and the fact that not all of the
4 interest is repaid. If you're paying
5 interest on a loan and you're not getting
6 any interest in the return there is a
7 differential there.

8 Just briefly on renewable energy, our
9 work Group's charge was, thankfully,
10 limited, we managed to avoid most of the
11 big problems. We do support the continued
12 transition to a market-based system for
13 renewable energy programs. The transition
14 to a market-based system reduces the amount

15 needed to pay for these programs from funds
16 collected through the SPC, which we think
17 is a good thing. But to state the obvious,
18 rate payers still pay these costs, albeit
19 in a different fashion. So the group does
20 agree that at some point the training
21 wheels do need to come off. And we
22 recommend that that occur.

23 Some of us made the suggestion that to
24 the extent that some of the utility
25 programs actually involve the generation of

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1 solar energy that the Board consider
2 requiring the utilities who wish to promote
3 these kinds of programs in the future to do
4 these activities through an unregulated
5 affiliate, because they are generating
6 electricity since the electric discount and
7 Energy Competition Act was enacted in 1999,
8 this is deregulated. And if they want to
9 be involved in this function we recommend
10 that an unregulated affiliate rather than
11 rate payers assume market risk.

12 And finally, and belatedly President
13 Solomon asked us to take a look at the
14 issue of SREC values given what's occurred
15 recently in terms of the recent drop in
16 SREC values.

17 Here again the issue is obviously
18 controversial. And the discussion that

19 occurred within the group really reflects a
20 microcosm of the larger debate that's
21 occurred in other contexts. So we didn't
22 reach complete consensus, which should come
23 as no surprise to people. We couldn't
24 really agree even whether the recent drop
25 in SREC values is a short-term problem that

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1 the market will correct, or whether
2 regulatory intervention is required.
3 However, we did have a majority of the
4 members agree to a one-time acceleration of
5 the annual solar renewable portfolio
6 standard from 596 gigawatt hours to 772
7 gigawatt hours on the theory that that
8 would provide some short-term relief
9 without getting too far into the weeds on a
10 long-term basis.

11 We do believe that long-term stability
12 in this market is a viable goal, that we
13 need to eliminate the boom and bust cycles.
14 We support the notion of a long term SACP
15 schedule, and have also suggested that
16 perhaps something could be done with a
17 basic generation service auction in terms
18 of creating potentially a tronage for
19 renewables, or something like that.

20 It clearly is an issue that needs to
21 be resolved. Some of the proposals that we

22 considered, for example, whether there
23 should be a floor value attributed to
24 SREC's, that's something that the majority
25 of us did not support. The issue is really

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1 one of a feed and tariff, which has long
2 been rejected. We view that as an
3 inordinate potential risk to rate payers
4 and shy away from providing guaranteed
5 recovery for solar developers, and we're
6 not prepared to agree with that type of
7 approach.

8 I don't want to take up any more time,
9 people are here to present comments. But
10 we do appreciate the opportunity to present
11 our collective views. And again, we're
12 optimistic that the views and the
13 recommendations that are set forth in the
14 report will assist the refinement and the
15 implementation of the 2011 Energy Master
16 Plan. Thank you.

17 PRESIDENT SOLOMON: Thank you, Steve.
18 I am sure all of you have read it, it is a
19 thorough and interesting document. I have
20 actually read it too. It took me three
21 nights, the first two I fell asleep.

22 Scott Weiner is our first speaker on
23 the subject. Scott, if you will come up.
24 And the rest I will just introduce from the
25 table so I don't have to keep getting up

1 and down.

2 SCOTT WEINER: Thank you, President
3 Solomon. And it's good to see the members
4 of the Board here. First, President
5 Solomon, I want to thank you for having
6 appointing me to be a member of the
7 Committee that just presented. As the
8 Committee members know, and I think as you
9 and your colleagues know, it felt good for
10 me to be called off the bench and be able
11 to think about these issues again. But
12 during the course of the Committee's work I
13 found that I had the convergence of both
14 personal and professional conflicts that
15 prohibited me from actively participating,
16 particularly during the latter drafting
17 stages. So really at the eve of pulling
18 the report together I spoke to Steve and
19 the other members of the Committee and said
20 that in all honesty I couldn't actively
21 comment, much of the report I agreed with,
22 some I had some concerns about. Long story
23 made short, we agreed that probably the
24 most effective thing and the most efficient
25 thing for the Committee would be for me to

1 step aside, let the Committee finish it's
2 work, and if I had anything I felt that I
3 wanted to say I would say it here.

4 Having said that, I also want to point
5 out that I think it's a terrific report. I
6 really cherish the opportunity to work with
7 everybody, it was a diverse group. I found
8 that although there wasn't agreement not
9 only was there a lot of respect, there was
10 a lot of acceptance of varying points of
11 view, and you see that reflected in the
12 report.

13 In all fairness, had I been able to
14 participate, as a matter of timing, it may
15 be that the couple comments I make today
16 would have been reflected in the report.
17 So I don't want anybody to interpret my
18 comments as being a fundamental
19 disagreement with either the report or the
20 drafters, but it reflects the fact that I
21 just simply couldn't get my comments in on
22 time for them to be considered.

23 I want to talk about two points today,
24 one deals with the issue of subsidies and
25 incentives in general, some thoughts I have

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1 about that and how that issue was discussed
2 both in the report as well as in greater
3 debate, and also the energy efficiency
4 utility.

5 It may be that I am getting even more
6 thin skinned than I'm known to be, but I
7 have found that the discussion and the
8 lexicon around subsidies and incentives at
9 sometimes just seems too pejorative, it
10 seems too negative. Some of the words that
11 were used in the report like the words
12 training wheels bother me, and I will
13 explain why in a second.

14 This isn't to say that we shouldn't as
15 a community be evaluating all the financial
16 support that's provided, all of the costs
17 that rate payers pay at every class to make
18 sure that we're accomplishing the goals and
19 the objectives that underlie our energy
20 policy structure in the state. But it's
21 that inferred that should be foremost.

22 And then the question becomes, how do
23 we provide for achieving those goals? And
24 I would dare say that one of my thesis is
25 that one person's subsidy is another

□

1 person's investment. So we should be
2 careful about how we use those words.

3 I think in thinking about the Solar
4 Initiative in New Jersey it's important to
5 keep in mind why we have solar energy, I
6 think. Turning the clock back I remember a
7 time, Mr. President, when I was President

8 of the Board we wanted to have renewable
9 energy, and a couple of the people in the
10 room will remember this, we used to call up
11 utility executives, I described that I
12 would turn them upside down and shake them,
13 as President of the Board, and some change
14 would fall out of their pocket. And we had
15 some interesting initiatives, but we never
16 had an industry, we never had a long-term
17 commitment to it. And you all have
18 achieved that. And you achieved it not
19 because I think some people said, well,
20 solar is a really cool thing, let's do it,
21 or there's some really interesting people
22 who want to do solar so let's give them a
23 benefit and see if they can grow an
24 industry. Rather, and I think everybody
25 will agree with this, the Solar Initiative

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1 of New Jersey was created because it
2 provided an adversity of fuel source,
3 because it addressed an environmental
4 externality, because it provided for
5 distribute generation and all of the
6 benefits that that can provide, it
7 addressed peak load issues, and it also
8 represented an economic development
9 initiative. And it was all those things
10 that led the decision makers and the policy
11 makers some 8 or 10 years ago to say this

12 is worth the investment. It's worth the
13 investment, it's worth the expenditure to
14 do this because these benefits, and you're
15 not just the people who have solar on the
16 roof, not just the developers who put up a
17 solar field, but to every citizen in New
18 Jersey.

19 Now that value proposition may have
20 changed, and it may not be the same today,
21 or in fact experience may lead one to
22 conclude that the intended value
23 proposition of 2003 is different than the
24 reality of 2011 or 2012. And I suggest
25 that's where the inquiry should be. That's

□

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1 where the evaluation should be, rather than
2 just reacting to whether or not subsidies
3 themselves or incentives themselves are
4 right or wrong.

5 So that that's the review that should
6 take place, and it's not a question of
7 training wheels, it's a question of how to
8 devote the State's resources and are we
9 achieving those goals? Or are there new
10 sets of goals that we want to achieve? Or
11 are there other ways to achieve it?

12 Another area that I would distinguish
13 myself from, at least the lexicon that's
14 being used, both again in the report as

15 well as in the general debate is reflected
16 in the discussion about SREC valuation. To
17 my understanding at least, and there are
18 many people in the room here today who sat
19 in a room with me when I was serving as an
20 advisory to the Clean Energy Council when
21 the SREC was initially valued. And the
22 SREC to my recollection, I could be wrong,
23 but the SREC was initially valued as the
24 gap filler to provide for financeability of
25 the solar project. And it was a vehicle.

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1 And in fact the hope was that one day it
2 might hit zero. And it would hit zero,
3 again not just because it would have the
4 effect of reducing rate payer costs, but it
5 hit zero because of reduction in the
6 overall cost of developing a program.

7 Some of the people in this room and I
8 sat down and we created models, and we said
9 what is it going to take to finance a
10 project? If we take all of the available
11 resources, invest their equity, the
12 recipient or the person who is installing
13 would they be willing to pay? Etcetera,
14 etcetera. And we said there was a gap.
15 That gap became the SREC. And again going
16 back to the value proposition the decision
17 was that it was worth embedding into the
18 rate structure the value of an SREC, they

19 spoke about it's projected value as well as
20 the benefits to be received.

21 Over the years SREC values exceeded
22 anything we initially projected. I won't
23 go into that, my belief of why that
24 happened, but we never anticipated that
25 there'd be a temporary dominance of a spot

□

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1 market. That issue has been addressed in
2 large part by the EDC program that's in
3 place. And again I admit I'm not in this
4 market day in and day out like many of you
5 are, my livelihood is not based on it, I'm
6 not a New Jersey rate payer right now.

7 But I would like to suggest that where
8 we are today should be a cause of
9 celebration. It should be a cause of
10 declaring victory, that the value of the
11 SREC has been driven down because of a lot
12 of factors. And it is not because of that
13 that one should look at an extension or an
14 acceleration of the solar RPS, but it's
15 because everybody in this room and outside
16 this room has proven that there's a market,
17 there's a demand, and there's a
18 contribution being made by solar. And for
19 that reason and that reason alone the solar
20 RPS should be extended, not just for a year
21 as some kind of market intervention or

22 market tinkering, but as a demonstration of
23 two things. Number one, that it's
24 successful. And number two, President
25 Solomon, to pick up a point you made during

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1 the hearings, an RPS is a floor, it can be
2 exceeded. And there are still all sorts of
3 market concerns that have to be thought
4 about and addressed. But the reason to
5 consider, I would suggest, an acceleration
6 of the RPS is because it has been an
7 unmitigated success.

8 I want to turn to the Energy
9 Efficiency Program and it's structure for a
10 minute. I want to say that I started out
11 by whole heartedly endorsing the
12 Committee's recommendation, and I know the
13 initiative of many in this room to move
14 towards a single administrator. It also
15 appears, from talking to many people, that
16 a lot of the contracting issues that people
17 have been concerned about have been
18 addressed. I agree with the reports
19 statement that there's no reason why a
20 single administrator can't be procured in
21 an efficient way. It appears that that
22 single administrator could be given some
23 market flexibility. So that from my mind,
24 at least as an initial interim step, the
25 single administrator makes a lot of sense.

1 But I think that an energy efficiency
2 utility can be, in fact I would suggest
3 should be, much more than just viewed as a
4 not-for-profit organization of a single
5 administrator.

6 And to set a context for my comments,
7 I want to address very briefly the early
8 history that's discussed in the report. I
9 now have lived old enough where I'm part of
10 that history.

11 And there was a brief discussion about
12 the standard offer program that was really
13 developed, it was really implemented around
14 1992, 1991. But it was in 1990 in the
15 conversation, and I'm not putting anybody
16 on the spot, but I think Commissioner Fox
17 was in the room, Mike Ambrosio was in the
18 room, some other names that you may recall
19 Bob Shelton, Steve Gable was in the room,
20 and there really was a group of staff, then
21 the electric division staff, who came to us
22 and said to the Commissioners and senior
23 staff, we want to get utilities to spend
24 more on DSM than building power plants, but
25 they won't do it. And it was an

1 interesting discussion, but I will just
2 jump to the bottom line. The bottom line
3 was we said, well, if a utility spends
4 money on a power plant it's an investment
5 and they earn a return on that. If they
6 spend money on a DSM program we
7 begrudgingly give them back their costs.
8 why don't we treat it as an investment?
9 And if we want to direct investment to DSM
10 rather than to standard generation, let's
11 build a system that recognizes that and in
12 the best economic sense creates those
13 incentives. That was the standard offer.
14 And it has manifested itself in lots of
15 ways over the past 20 years.

16 There are two take away's from me for
17 that experience. The first is the one I
18 just mentioned. Is that if we want
19 entities, individuals or organizations to
20 invest, we have to treat that expenditure
21 like an investment and be willing to do
22 that.

23 And the second is that we should be
24 careful that, and this is true for
25 utilities or anyone, that either you're a

□

1 market participant or you're a market
2 facilitator. And by facilitator I talk
3 about an administrator or somebody who
4 injects capital into the system. And for

5 those of you who were around during the
6 first and second standard offers you know
7 that some of the problem was that we had
8 entities acting in very good faith serving
9 as both on the one hand a market
10 facilitator providing capital to other
11 businesses, while at the same time
12 competing against them as a market
13 participant. In hindsight it's, hey, how
14 could that ever work? I just would like to
15 suggest we shouldn't forget that lesson.

16 So all that said, fast forward, and to
17 me when I think about the Energy Efficiency
18 Program and I listen to the discussion at
19 our Committee, and I listen to some of the
20 ancillary discussion that I've heard, not
21 only is there a role for the utilities, but
22 the utility paradigm seems not only to make
23 sense to a lot of people, but people are
24 comfortable with it. They're comfortable
25 with the procurement mechanism. They're

□

1 comfortable with the oversight. They're
2 comfortable with the type of evaluations
3 both pre-program launch and post-program
4 launch that a utility has to do. And it's
5 not because it's a particular utility, it's
6 because of the utility structure.

7 So to my own mind I said, why not

8 create a real utility? Why not create a
 9 title 48 utility whose sole mission on a
 10 statewide franchise is to pursue energy
 11 efficiency? And we would capture all of
 12 the benefits that we see in terms of
 13 current EDC participation in that area, we
 14 would create a new entity within a paradigm
 15 that everybody is familiar with, the Board
 16 would have it's role, Rate Council would
 17 have it's role, the public would have it's
 18 role, the judiciary would have it's role.
 19 And one of it's missions would be to carry
 20 out programs in a way that spurs on the
 21 marketplace, that creates competition.

22 And there are lots of ways to fund
 23 this thing, it could be through SPC funds,
 24 none of these by the way are mutually
 25 exclusive. It could be from, for those

□

1 utilities that want to participate, utility
 2 investment of their own private capital.
 3 Because let us never forget that EDC's are
 4 profit-making businesses that have private
 5 capital in it. So not only do we get the
 6 utility private capital, but we might get
 7 real private capital coming into it. And
 8 when they come into it for the same reason
 9 they go into any other title 48 utility,
 10 because of basic business proposition. If
 11 that entity does what it is required to do,

12 what it has said it would do, in the manner
13 it said it would do it and produces those
14 results, it gets a rate of return, it has
15 the opportunity to earn a fair and just
16 rate of return. Why not put that statewide
17 into a title 48 entity? Then for those
18 utilities that want to participate, whether
19 it's by program, or financial, or otherwise
20 they can, for those that don't they don't
21 have to. But most importantly for the
22 State as a whole we now get to execute
23 through a paradigm that we're very familiar
24 with, with all of the capitalization, all
25 of the oversight, and all of the filing

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1 requirements.
2 Now, I admit it takes legislation, it
3 takes time. Many of you know that I've
4 been around the legislative process long
5 enough to know that when you open the door
6 you never know what's going to come out the
7 other end. But that doesn't mean that we
8 shouldn't do it. And that doesn't mean
9 that the parallel with pursuing and
10 implementing a single administrator through
11 the RFP process that's contemplated and
12 parallel the Board can't initiate a process
13 to evaluate. I don't know if it will work,
14 I think it will. I don't know if it will

15 carry the day. But I do know that the
16 investments made in the evaluation we will
17 learn things that will help shape the
18 future of the energy efficiency program of
19 the State. That's my comments. Thank you.
20 PRESIDENT SOLOMON: Thank you, Scott,
21 I appreciate it. Thank you.
22 Scott Schultz from Advanced Solar.
23 SCOTT SCHULTZ: If you have no
24 objection, maybe to save some time, if Lyle
25 can join me, and I will make my comments

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1 brief and Lyle Rawlings from SEIA.
2 PRESIDENT SOLOMON: Sure.
3 SCOTT SCHULTZ: Okay, thank you.
4 PRESIDENT SOLOMON: That's a crafty
5 way to get Lyle on first, because he has a
6 long ride.
7 LYLE RAWLINGS: I signed up to speak
8 too.
9 PRESIDENT SOLOMON: That's all right.
10 Don't anybody else try this.
11 SCOTT SCHULTZ: Thank you, though.
12 LYLE RAWLINGS: We really are trying
13 to save time.
14 PRESIDENT SOLOMON: Make sure you say
15 who you are for the record, and who you
16 represent.
17 SCOTT SCHULTZ: I am Scott Schultz, I
18 am with Advanced Solar Products. I just

19 have some brief high-level comments that I
20 want to make.

21 First is, Scott, I appreciate your
22 comments very much, and I just want to
23 focus in a little bit deeper. I think that
24 we need to learn from our own history. And
25 this boom and bust cycle Scott referred to

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1 has been something that we've suffered
2 through before. We suffered through that
3 with the shut down of the rebate program,
4 we suffered through that on the energy
5 efficiency side with the home residence,
6 the Home Energy Audit Program and how that
7 was tied into renewable energy, and we saw
8 that also now with the problems we're
9 having with the SREC prices and the pending
10 end of the long-term contracts.

11 Energy efficiency and renewable energy
12 programs have been a bright spark in an
13 otherwise bleak economy, particularly in
14 New Jersey. Jobs creation, mitigation of
15 job losses which are very difficult to
16 quantify by HVAC and electrical contractors
17 have continued to be able to keep their
18 employees on the payroll because of their
19 ability to move from their traditional
20 focuses of businesses into the energy
21 efficiency and rural energy marketplaces.

22 And our most recent issues with SREC
23 pricing and the pending expiration of
24 long-term contracts really is just one more
25 time that we're now coming to this boom and

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1 bust cycle. If we look back to when rebate
2 programs shut down we lost between 30 and
3 40 percent of the solar installers in the
4 State of New Jersey. And we're seeing an
5 interesting trend right now. If you've
6 been following in the trade publications
7 with emerging markets coming and
8 Massachusetts and others, well they're
9 competing for mind share. And we're seeing
10 now companies that are opening up East
11 Coast presence. Two years ago there was
12 only New Jersey to open up if you were
13 looking to do solar. Today we saw three
14 announcements in the last week of companies
15 that are opening up East Coast presence,
16 and they're all opening up in
17 Massachusetts. So I suggest that there is
18 bigger pictures here.

19 And the one thing we don't talk about
20 is the other financial benefits that arrive
21 through energy efficiencies and renewable
22 energy programs, which involve things like
23 the savings in health, the savings in
24 environmental, and the impact that it has
25 in terms of the quality of life overall.

1 So I suggest that before we throw the
2 baby out with the bath water in order to be
3 able to have some short-term reductions in
4 costs, we have to look at the long-term
5 benefits that we're actually realizing.
6 Thank you.

7 PRESIDENT SOLOMON: Thank you. Lyle.

8 LYLE RAWLINGS: Perfect segway.

9 PRESIDENT SOLOMON: I promise I won't
10 throw out any babies.

11 LYLE RAWLINGS: Well the remarks about
12 the values are a perfect segway. And Scott
13 Weiner's remarks were also a perfect segway
14 for us, and I very much appreciated his
15 remarks.

16 I brought some handouts, and it looks
17 like I just brought enough for all the
18 Commissioners.

19 The first is a copy of a study
20 recently released in a peer reviewed
21 journal called Energy Policy Journal by Dr.
22 Richard Perez and Dr. Tom Hoff who have
23 done a great deal of work for the National
24 Renewable Energy Laboratory. And it's
25 addressing this issue of the value of solar

1 energy and how do we quantify it. And I
2 won't go into the report, but the report
3 used New York as a case study. I've spoken
4 with one of the authors, Dr. Richard Perez,
5 who believes that the numbers are very,
6 very similar to what would be found for New
7 Jersey. And I actually hope Dr. Perez has
8 a opportunity to replicate this study in
9 New Jersey to be certain of that. He even
10 believes the value may be greater for New
11 Jersey.

12 But the conclusion of the study is
13 that the identifiable and quantifiable
14 benefits of solar as a premium over
15 ordinary power in New York were in the
16 range of 15 cents to 40 cents per kilowatt
17 hour. And where you are in that range
18 depends on assumptions which values you
19 include and which you don't include.

20 But the point is that the cost of
21 solar has been dropping dramatically,
22 especially over the last year, and
23 continues to drop and is expected to
24 continue to drop into next year.

25 And the levelized cost of the premium

□

1 of solar, which here in New Jersey is
2 expressed as an SREC, if we were to model,
3 as Scott was talking about, the model the
4 value of an SREC the levelized value that's

5 required to build solar now we're now
6 approaching a point where the levelized
7 SREC value is approaching the low end of
8 that range of 15 to 40 cents per kilowatt
9 hour. So we're near or at the point where
10 the identifiable values, even at the low
11 end of the estimate, are equal to the cost
12 of solar.

13 And going back to Scott's remarks, you
14 know, when we talk about an incentive in a
15 somewhat pejorative term, and Scott said we
16 can look at it as an incentive, we can also
17 look at it as a payment for value
18 delivered. And the value that's created by
19 a solar generator cannot be delivered to
20 him directly, him or her directly. The way
21 for it to be delivered is through an SREC.
22 So an SREC in this case is a payment for
23 value delivered and we're reaching parody
24 now in the value of that service and what
25 we need to pay for it.

□

1 However, it is necessary, we at SEIA
2 believe, to make some changes to the SREC
3 marketplace so that it can more reliably
4 deliver that value at the lowest possible
5 cost. And we do believe that the way to do
6 that is by creating greater certainty in
7 that market. The principal that was

8 concluded in the Summit Blue report many
9 years ago we think still applies. That
10 risk costs money. And the more you take
11 the risk out the lower the cost will go.
12 And this has been shown pretty effectively
13 over the last few years in the EDC
14 programs, which were basically two types of
15 programs, there was the PSE&G loan and the
16 long-term contract solicitations.

17 Now the long-term contract
18 solicitations didn't start out doing that
19 very well or as well as we'd like because
20 the SREC market was just going crazy,
21 delivering far too high values, and that
22 was attracting people away from these
23 programs. But more recently in the last
24 two solicitations they've become much more
25 effective at delivering very low prices,

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1 and we think that trend would continue. If
2 we continue those programs we think they
3 will start to deliver very, very low
4 values. And that would be good for
5 continuing to build solar while delivering
6 a very low price.

7 And similarly in the PSE&G loan
8 program in the past few years they actually
9 delivered the lowest prices if you compared
10 them with a long-term contract solicitation
11 and the spot market. We're poised now to

12 be able to continue the PSE&G loan program
13 for another round at dramatically lower
14 prices because of the drop in the cost of
15 solar. And those dramatically lower prices
16 also PSE&G, I believe, is working on a
17 market mechanism that could tweak those
18 values downward, if possible, and have
19 those values respond in the marketplace and
20 be more competitive. And we think that's
21 very promising.

22 Now the other thing that I handed out,
23 and I have a few other copies of this if
24 anyone wants it, is a graph. And the graph
25 is from an as yet unpublished report by the

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1 Institute for Local Self Reliance, and I am
2 using it with permission of the author.
3 And it's a graph of all seven states that
4 have SREC bases for their solar market.

5 And what the graph reveals is that the
6 typical behavior of an SREC market is to
7 crash. It is very unfortunate, and we're
8 still trying to figure out why this is the
9 case. We have some answers, but not
10 complete answers. But we look at our
11 neighbor Pennsylvania, it's very clear what
12 happened there, the SREC market crashed
13 right down to the ground, and the solar
14 industry began to suffer, it's on a glide

15 path to hitting the ground right now, many,
16 many jobs being lost, many great companies
17 going out of business. And we think that's
18 what will happen here in New Jersey.

19 So there's still a question, and no
20 one really knows the answer to the
21 question, is what's happening in New Jersey
22 a market correction or a market crash?
23 well, you have to predict in order to get
24 the answer to that question, and no one can
25 ever predict with certainty. But based on

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1 the behavior of the SREC markets in other
2 states, and based on what we know of the
3 New Jersey solar market, and based on what
4 we see happening right now we think that
5 the crash in progress of SREC market values
6 in New Jersey will continue, and that it
7 will continue to develop into exactly
8 what's happened in the other states that
9 have SREC's, in other words a crash right
10 to the bottom and a loss of all these jobs.

11 Now a quick word about jobs, since I'm
12 throwing out lots of studies today. There
13 is a study that will soon be released by
14 the Solar Foundation that talks about how
15 many jobs is solar creating around the
16 country. The study has not yet been
17 released, but it's concluding country wide
18 that that's already been published by

19 national SEIA that over 100,000 jobs have
20 been created in the country. New Jersey
21 over the period of the study was more than
22 17 percent of the total industry in the
23 United States. which suggests that if it's
24 17 percent of 100,000 jobs that's many
25 thousands of jobs, maybe as much as 17,000

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1 jobs that have been created in New Jersey.
2 And we see it in the solar industry,
3 it's gone far further than just the solar
4 community. We've seen the great
5 engineering firms in the state are heavily
6 engaged in solar, the great architectural
7 firms, the banking and finance community.
8 Roofers, landscape contractors, electrical
9 contractors, they're all heavily engaged in
10 solar, and many of them are kept alive only
11 by solar.

12 So we think, we hope that the
13 potential for market crash is being taken
14 very seriously, and I think that's what
15 we're detecting. We appreciated many of
16 the conclusions of the Working Group,
17 particularly about a short-term fix of
18 accelerating the RPS, we think that's very
19 important and because of the much lower
20 costs now we think it's very affordable to
21 do so.

22 we don't necessarily agree that a
23 floor price is unworkable. We think it is
24 possible to set those values appropriately
25 and adjust them as we go. In other words,

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1 adjust them downward over time, I should
2 say.

3 And at the request of Senator Bob
4 Smith mid-Atlantic SEIA did work on a
5 structure for a floor price, we've come up
6 with a structure that we think works. And
7 it doesn't require, by the way, a
8 governmental fund or any kind of
9 governmental backdrop, it can be done
10 without that.

11 So we think a floor price is workable,
12 but we think there's a better way. And we
13 would agree that it's not the best way to
14 do it. We think the best way to do it is
15 to take those successful EDC programs and
16 expand them so that they cover most of the
17 market, say 80 percent of the market. We
18 think doing that will deliver SREC's at the
19 lowest possible prices over time while
20 still developing the solar energy industry
21 and can be very effective. And those
22 programs are already in place, they've
23 already been tweaked, they're already
24 successful, so it's an easy thing to do to
25 expand them.

1 And finally, I want to say a word
2 about the grid supply solar industry.
3 That's like a potential huge wave that the
4 solar industry has feared would swamp the
5 SREC market. And that wave seems to just
6 be building and building higher and higher.
7 At this point we believe that the best
8 thing to do with that is to have a
9 solicitation outside the RPS for grid
10 supply solar and let it deliver that value
11 that I spoke about at the lowest possible
12 cost. And we'd like to continue the
13 conversation on that.

14 And that's all my remarks, thank you.
15 And I forgot to mention my affiliation,
16 it's the Mid-Atlantic Solar Energy Industry
17 Association.

18 PRESIDENT SOLOMON: I am going to take
19 a five-minute break, we will resume. We
20 have a handful of more speakers, and I
21 think we are planning until 12:15. So
22 guide yourself accordingly. There is seven
23 speakers.

24 (A short break was taken.)

25 PRESIDENT SOLOMON: Randall Solomon.

1

RANDALL SOLOMON: Yes.

2

PRESIDENT SOLOMON: Cousin Randall.

3

I'm kidding, he's not my cousin.

4

RANDALL SOLOMON: President Solomon's actually my father.

6

PRESIDENT SOLOMON: Now that's a low blow. How old are you?

8

RANDALL SOLOMON: You can tell from the obvious physical resemblance. My name is Randy Solomon, I'm the co-director of the Institute for Sustainability Planning of Governance at the College of New Jersey and also the co-director of the Sustainable Jersey Program.

15

So now that we've cleared up any potential conflict of interest between President Solomon and I due to familial relations, I can say I really want to thank him and thank the Board, the Commissioners, and the Board staff for being such excellent partners in the Sustainable Jersey Program. We have in under three years 350 municipalities that are now partnering in the Sustainable Jersey Program, nearly 100 that have been

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certified representing hundreds of discrete energy efficiency programs, renewable programs, energy tracking programs around the state. So it's been an excellent

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5 partnership.
6 In my comments I want to make clear
7 that I'm just talking about the energy
8 efficiency sections of the report. But I
9 want to commend the Working Group in those
10 sections for what seems to me like a lot of
11 wisdom and balancing the opportunity costs
12 of making change. Whenever you make change
13 to something, whether ultimately it might
14 look like a more efficient or better
15 system, you're going to have some
16 inefficiencies related to that, so you're
17 going to setup new administration.
18 Whenever you setup new administration you
19 are going to find that there are growing
20 pains. And over time with some consistency
21 you can overcome them. So there is a lot
22 of ways to meet a goal, a lot of broad
23 approaches, and probably a lot of them can
24 work and a lot of them can fail depending
25 on how you do the details.

□

1 And I think one of the things that
2 we've seen is that the community that is
3 the targets of a lot of the EE programs
4 it's taken a lot of time for them to learn
5 how to take advantage of them. And I think
6 the Clean Energy Program in general is
7 learning more about how to execute these

8 things. So I think some stability is
9 definitely needed.

10 A few specifics along those lines, one
11 is regarding ESIP's, the report notes that
12 there's great potential there, that
13 potential is not being met. And the report
14 also commends the excellent work of a lot
15 of the BPU staff to try to identify some of
16 the opportunity costs for the local
17 governments that need to be overcome to
18 make that program work. And I
19 wholeheartedly agree with that. We're
20 going to be doing our part on that as well.
21 We will have an ESIP coordinator that will
22 be working with local governments. And I
23 think one of the things that we need to
24 make sure that we're doing is coordinating
25 with the market manager teams and Gary

□

1 Finger and the staff at the Board and Ed
2 Mercer to have a very clear and integrated
3 point of entry for ESIP's and a clear
4 message about what to do, and work very
5 carefully with the target community, the
6 communities themselves, to make sure that
7 we're identifying again what are the
8 obstacles, how can we lower the barriers to
9 them getting over the finish line on such
10 an important program. And we've been
11 hearing from our membership on a lot of

12 those obstacles. So definitely agree with
13 the direction of the report there.

14 Another example is with home
15 performance with Energy Star. We're
16 hearing from a lot of the municipalities
17 who we've been working with over the years
18 to get them to promote this program. And
19 there's two big obstacles that they're
20 seeing.

21 One is that choosing a contractor
22 seems very risky to people, they don't know
23 who these contractors are, there is so many
24 of them, they're not familiar with the
25 program, so that's scary to people.

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1 And the second thing is even though
2 these programs might be fairly lucrative,
3 there's picking a contractor, getting them
4 to come out, getting educated about the
5 variance between the contractors is a big
6 opportunity cost for people, and it's one
7 that causes people not to take the next
8 step once they decide that they think it's
9 a good idea.

10 So working with a number of pilot
11 communities we've identified a number of
12 approaches to lowering those opportunity
13 costs. For example, in Highland Park we're
14 working with them to do a town wide RFP

15 where they will bring in one contractor
16 representing the town, and similar to the
17 way you might do a town wide sidewalk
18 fix-it program where everyone can sign on
19 to the town wide sidewalk fix-it, there
20 will be one contractor vetted by the town
21 that everyone can take advantage of.

22 And with a direct install program
23 we're working with Montclair and some other
24 towns to have them actually solicit the
25 local business owners so that it's the

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1 town's name and not just the Clean Energy
2 Program or the county contractor that's
3 approaching them. Because despite anything
4 that we might possibly do, the Clean Energy
5 Program is not a household word for local
6 businesses. But the Town of Montclair or
7 whatever town you are in if you receive a
8 letter from that town you are going to open
9 it, because it might be a tax bill, or a
10 fine; but you are going to open it. Then
11 when you see the town's name you are going
12 to think, okay, this is not a scam or a
13 come on. So I think we've been doing a lot
14 of approaches like that. We expect to be
15 able to continue to do it and coordinate
16 with the Clean Energy Program and the
17 market manager team on those.

18 New topic, schools the Ara funds were
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19 discussed in the report, those were
20 eligible for municipalities only, for the
21 most part. We played a role, and I think a
22 big role, in getting the Ara funds out to
23 municipalities. But I think there's a big
24 gap in thinking more intently on how we can
25 approach schools. There are at least 2,300

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1 school buildings and 616 districts, they
2 outweigh the municipalities by quite a lot.
3 And in addition school projects provide
4 dual use, both as they save energy and can
5 generate energy, but they're also models
6 and educational tools that are very
7 important. There are a lot of programs
8 that tie energy efficiency to curriculum
9 and learning opportunities. And we've been
10 hearing from schools and educator
11 associations that they really want us to do
12 something for schools. Because in
13 Sustainable Jersey right now there's not a
14 lot for schools. Because unfortunately, or
15 fortunately, depending on your perspective,
16 mayors don't control schools, they are
17 completely independent units of government.
18 So we're partnering with Eco-Schools
19 America to do essentially a Sustainable
20 Jersey school certification that we think
21 will take the reach of the Clean Energy

22 Program and Sustainable Jersey and probably
23 double the amount of buildings, the amount
24 of square footage, the amount of people
25 that we can reach. So I wanted to point

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1 that out, and that's something that's going
2 to be in our upcoming filing.

3 And last I just want to suggest for
4 people to think about one thing that we can
5 be doing with a lot of these programs is
6 asking for more out of the municipalities.
7 So, for example, with Ara it was very
8 lucrative, a lot of municipalities did it,
9 it's going to save the taxpayers and the
10 rate payers money over the long term. But
11 it was a one-off thing, municipalities did
12 it, they got their direct install. But
13 have they really learned anything that's
14 going to translate to ongoing energy
15 savings over the long term? And with a lot
16 of these programs we're giving them a good
17 deal, we could be asking them to do things
18 like setup Energy Star portfolio manager,
19 or create a voluntary internal reinvestment
20 fund that could set them up to be making
21 ongoing energy cost savings, and perhaps we
22 could give them more lucrative incentives
23 in exchange for taking steps internally
24 that would show us that they're serious
25 about making ongoing energy savings as

1 opposed to just infusions of cash
2 periodically.

3 So those are my comments. Thank you.

4 PRESIDENT SOLOMON: And just to
5 clarify that last comment, because I am not
6 sure I completely understood. They would
7 develop their own fund and we would
8 supplement it or we would finance it?

9 RANDALL SOLOMON: What you can do is
10 you can say a certain percentage of the
11 savings that come from direct install or
12 whatever program they are in, would be set
13 aside by ordinance for reinvesting in a
14 defined set of programs. And of course if
15 they're having a fiscal emergency they
16 could pull that back into the general fund.
17 But at least it sets them up so that on an
18 annual basis they have to think about
19 energy efficiency and savings, and they
20 have a fund that they can draw from.

21 PRESIDENT SOLOMON: And but you
22 mentioned we would provide some incentive.
23 Are you envisioning the State or the BPU
24 supplementing that investment in some way?

25 RANDALL SOLOMON: Well what I would

1 say is you can have variable program rules.
2 So for a municipality or local government
3 that's applying for direct install the
4 subsidy could be 60 percent if you don't do
5 it, and 80 percent if you do.

6 PRESIDENT SOLOMON: Okay, got you.
7 Okay, thank you.

8 RANDALL SOLOMON: Thank you.

9 PRESIDENT SOLOMON: Mitch Cohen.
10 Mitch Cohen? I didn't see him. Not here?
11 Apparently not.

12 I know Jeff Tittel is here. Jeff,
13 come on up.

14 JEFF TITTEL: Sure, thank you.

15 PRESIDENT SOLOMON: See, I didn't call
16 you last.

17 JEFF TITTEL: I know.

18 PRESIDENT SOLOMON: They snuck your
19 card in the middle.

20 JEFF TITTEL: Jeanne probably did
21 that.

22 COMMISSIONER FOX: I did.

23 PRESIDENT SOLOMON: I think it was
24 Mary Beth.

25 JEFF TITTEL: She figures if you put

□

1 me at the end I might talk too long and she
2 won't get to her next meeting. I will be
3 brief, and I appreciate the time.

4 PRESIDENT SOLOMON: Take your time.

5 JEFF TITTEL: We believe New Jersey
6 has been one of the most innovative states
7 in the nation when it comes to clean
8 energy. And we believe a lot of the
9 recommendations in the work group report
10 are really important for the future of New
11 Jersey. We think that the societal
12 benefits charge when it comes to clean
13 energy has been a very cost-effective
14 program considering the outcomes that we
15 have gotten from it. When you think about
16 that money that goes out there, it not only
17 helps people make the right decision and
18 encourages them, but it brings another
19 investment. So whatever dollars you put
20 out from it attracts a lot of private
21 capital. Whether it's someone spending
22 twice as much money because they are going
23 to get a rebate of one third to buy a more
24 energy-efficient furnace or hot water
25 heater, whether it was someone in the past

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1 being able to put solar on their roofs, or
2 helping to upstart our offshore wind
3 program and have the funding to do the
4 studies that we need to make wind a
5 reality, or even the funding for staff and
6 other support for Sustainable New Jersey,
7 it delivers a lot for the people of New

8 Jersey, and it delivers a lot when it comes
9 to clean energy and lowering New Jersey's
10 level of air pollution, since we have some
11 of the worst in the nation. And I think
12 it's a critical program that has worked
13 well.

14 All programs, we believe, can be made
15 more efficient. We believe that, you know,
16 there are problems now, because I think
17 there are too many groups and parts of
18 agencies looking at the different pieces
19 and should be better coordinated and maybe
20 put in one shot to have a one-stop shop.

21 We also believe that we could do a
22 better job of letting people know what
23 benefits are out there for them, through
24 education, through public outreach.
25 Because there are people who may be going

□

1 to buy a new furnace and not realize they
2 can buy an energy-efficient furnace and it
3 won't cost them that much more and it would
4 save more money in the long run. You know,
5 for every dollar you invest in energy
6 efficiency in the home you save four.

7 It's even more important when it comes
8 to New Jersey's businesses and trying to
9 keep them not only here in New Jersey, but
10 to keep them as a vibrant part of our
11 economy. Because I know from the studies

12 I've seen for every dollar invested in
13 commercial companies in energy efficiency
14 they save about 16.

15 And there is also other important
16 areas that really help New Jersey
17 businesses. If the societal benefits
18 charge, I know we've cut back on some other
19 program areas, it can be used to help with
20 combined heat and power, help them put
21 solar on their roofs, small wind projects.
22 By getting them off the grid and getting
23 them renewable energy is actually going to
24 be cheaper for them in the long term, save
25 them money, and help them become much more

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1 viable. Instead of shipping that money off
2 to a utility, sorry utilities, if they can
3 produce their own power as much as possible
4 they will make money on it.

5 And I last year had spoke in front of
6 the Chemical Council, so you would be
7 surprised that we have this kind of strange
8 relationship, but I talked to the major
9 pharmaceutical companies that were there,
10 and some of the big petro chemical
11 companies about coming off the grid and
12 actually becoming part of New Jersey's grid
13 that they can make money in that process.
14 And I think it's important for them and

15 it's important for all of us.
16 We strongly believe that the SPC is an
17 important part of that, because it helps
18 the average family save money in the long
19 term with energy efficient appliances, by
20 better weatherization of the their homes,
21 it helps businesses save money because it
22 can help them with combined heat and power
23 and renewable energy. So it has a overall
24 public benefit. And there are areas where
25 we think we need to grow it. For instance,

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1 in energy efficiency. We think it's a good
2 program. We're concerned that when
3 utilities had control back in the beginning
4 of the program a lot of the money sat
5 there, and the money really started going
6 out the door and helping people when it
7 came under the BPU auspices. So we believe
8 that, yes, we need to streamline it, yes,
9 we should have one-stop shop, but there
10 also needs to be BPU oversight to make sure
11 the money goes where it should go and gets
12 out the door quicker not slower.

13 We also believe in energy efficiency,
14 that we should look at some other areas to
15 help make that a reality. Because I think
16 that is our biggest untapped market when it
17 comes to reducing peak demand, which is a
18 problem for high cost for everybody, and

19 also for reliability.
20 we have done a good job, we can do
21 better. One of the areas I think we should
22 look at is developing some kind of credit
23 program so that you can use energy
24 efficiency under aggregation or have a
25 system similar but not the same as SREC so

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1 that people can actually see the savings.
2 Especially at peak, because if we can lower
3 our peak demand it saves us all money, but
4 it also helps guard us against blackouts
5 and other problems that we have.

6 And so we think that the SPC program
7 as part of an overall plan for energy
8 reliability, energy efficiency, clean
9 renewable energy will really help grow New
10 Jersey's economy and move us forward. So
11 we believe we should be trying to
12 streamline the SPC, make it more efficient,
13 we should keep it because it is a robust
14 program.

15 I know energy costs are high, there
16 should be other areas that we should be
17 looking at to help lower costs, because in
18 the end I think the SPC money is rollover
19 costs because of efficiency and
20 decentralization of the grid.

21 If we really want to we should take a

22 second look at stranded assets costs a lot
23 of money for facilities that are making
24 money and not losing money. The nuclear
25 plant closure fund as well, and getting rid

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1 of some of these R and R facilities that we
2 are hooked into that we end up paying too
3 much for for plants that are a lot of times
4 not efficient and would not be there
5 otherwise because they're not part of a
6 competitive marketplace.

7 Overall we just believe that we need
8 to make sure that the solar program is
9 viable, there are problems with it now,
10 long-term contracts may be one of the areas
11 to help. I think accelerating the RPS
12 steps would be an important part of that as
13 well. And we've had one of the best
14 programs in the country, we should not let
15 it go away. And I think the Energy Master
16 Plan needs to continue to embrace the
17 future, and through this process in keeping
18 a robust SPC I think we will. Thank you.

19 PRESIDENT SOLOMON: Jeff, just for the
20 record, can you say who you represent.

21 JEFF TITTEL: Oh, sure, New Jersey
22 Sierra Club. Thank you.

23 PRESIDENT SOLOMON: Thank you. Conor
24 Fennessy.

25 CONOR FENNESSY: Nothing today.

1 PRESIDENT SOLOMON: Not speaking
2 today. I'm sorry to hear that.
3 CONOR FENNESSY: That's okay.
4 PRESIDENT SOLOMON: Mike Ambrosio.
5 Now, is this exactly what you're going
6 to be saying?
7 MIKE AMBROSIO: No. I have modified
8 it over the course of the morning.
9 PRESIDENT SOLOMON: Just checking.
10 MIKE AMBROSIO: I have a few things I
11 am going to slip in, and most of it I am
12 going to read.
13 PRESIDENT SOLOMON: If you are
14 reading, read very slowly, because she has
15 to take it down stenographically. And I've
16 authorized her to get up and smack you if
17 you talk too fast.
18 MIKE AMBROSIO: Wow.
19 PRESIDENT SOLOMON: Because everybody
20 does.
21 MIKE AMBROSIO: I feel like I'm at
22 home now. Good morning, President Solomon,
23 BPU Commissioners, staff, and members of
24 the public, and members of the work Group.
25 I want to thank you for the opportunity to

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comment this morning.

I want to start with really commending the working Group. These are really difficult and contentious issues. If they weren't I don't think we would have spent so much time talking about them. Several states are wrestling with these issues, and no one has come up with the right model, they all have benefits and costs and there's pluses and minuses to all of them. And to really absorb all of that and issue this report in such a short period of time I think you really should be commended for that.

Before I start my formal comments I guess one thing, and I know all of the Commissioners have heard me say this in the past, is that the focus always seems to be on utility rates. And I always argue the focus should be on utility costs, not necessarily rates. We know if an energy efficient program is cost effective by definition we're saving the State, we're spending less money on energy than if we hadn't made the investment.

The issue then becomes an issue of fairness and then who's paying those costs in the participating and the nonparticipating customers. We know that

5 the participating customers are
6 benefitting. And in my mind I've always
7 argued that the real goal should be to make
8 every customer a participant, have every
9 customer lower their energy bills. And
10 that should be what we're really striving
11 for. Because we know if it were as simple
12 as putting in a couple of CFL's you
13 probably more than offset the costs that
14 residential customers are contributing to
15 the fund, so we should probably make sure
16 every customer has an opportunity to
17 participate in the programs.

18 Just as a little bit of background, my
19 firm Applied Energy Group operates in over
20 30 states now where we design, develop,
21 deliver and implement programs. And that
22 really is what supports my comment that
23 we've operated in multiple states. Every
24 state does it a little bit different,
25 there's no right or wrong answer, they all

□

1 work, some work better than others; and the
2 ongoing struggle in finding the best way to
3 deliver the programs.

4 Applied Energy Group concurs with
5 almost all of the recommendations in the
6 working Group report. There's one in
7 particular I wanted to focus on this

8 morning, which is the proposal for a
9 third-party administrator, single
10 third-party administrator. AEG concurs
11 with that recommendation. What I am going
12 to comment today is really the next layer
13 of detail. We think there's a few
14 specifics related to that proposal that
15 should be considered.

16 As I mentioned, I am going to start
17 reading now and do my four points.

18 PRESIDENT SOLOMON: Take your time,
19 nice and slow.

20 MIKE AMBROSIO: AEG has operated both
21 in states where administration and program
22 delivery functions are combined and in
23 states where these functions are separated.
24 While both approaches are workable, based
25 on our experience, we strongly recommend

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1 that the BPU separate the program
2 administration and program delivery
3 services. And the program administrator
4 should ensure that the program implementers
5 are delivering the programs efficiently and
6 effectively. And the program
7 administrators objectives should align with
8 the State's objective of maximizing the
9 benefits of the programs at the lowest cost
10 to rate payers.

11 There's many unknowns regarding where

12 this program is going. The Board has just
13 initiated a CRA proceeding for the next
14 four years, so we don't know what the
15 funding levels are going to be for the
16 years 13 through 16. There is certainly
17 discussion and movement towards financing
18 programs. There's been discussion of the
19 role of demand response, we don't know
20 whether that's going to be part of it or
21 not.

22 So the point I'm trying to make is
23 that there is two sets of two examples,
24 there's a lot of unknowns. And our
25 recommendation is rather than having, you

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1 know, when you go out to bid for the new
2 administrative structure rather than sort
3 of defining up front what programs are
4 going to be run and having that be part of
5 the RFP, hire a program administrator to
6 help you do that. As you work through and
7 these unknowns become known's, you know how
8 much funding you have, you know what
9 direction you want to go, and have the
10 program administrator work with the Board
11 to engage and contract with the entities
12 that deliver those programs, as opposed to
13 doing that all up front.

14 we also strongly concur with the

15 recommendation in the report that as you're
16 developing programs do the market
17 assessments, do the evaluation, do the cost
18 effectiveness up front. Design programs
19 with specific energy saving goals and
20 metrics. Then once that's done the program
21 administrator should work with the Board
22 once all that's agreed to, then go out and
23 hire the implementation contracts to do it.
24 And then the program administrator would
25 have a contractual relationship with the

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1 implementers, unlike today. That's the
2 point where we think you should develop the
3 performance incentives. You've got a
4 program with goals, you hire somebody to
5 deliver it, and you say deliver this or,
6 you know, your payment structure is tied to
7 delivering in achieving those goals.

8 So it's really separating. The main
9 point I'm trying to make with all of this
10 discussion is separate the program
11 implementation. And then again the program
12 administrator's job should really be to
13 work with the Board to determine the goals
14 and objectives and find the best way.
15 Their goals should be aligned with the
16 Board's.

17 A couple other quick points. Role of
18 utilities. AEG agrees with the working

19 Group's conclusion that the utilities have
20 a role to play in the programs. What we've
21 been recommending is that we believe
22 certain programs make sense consistently to
23 be consistent programs on a statewide
24 basis, we think that the Board should
25 identify which programs those are. Those

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1 programs should be run through the program
2 administrative model, if that's the
3 direction that you go.

4 Utilities should be free to supplement
5 and compliment those programs to try other
6 things, maybe reach markets that aren't
7 being reached. But we don't think that
8 utilities should compete with those
9 programs. So sort of define upfront which
10 programs should be run consistently
11 statewide, have the third-party
12 administrator manage those programs.
13 Anything beyond that the utilities should
14 be free to offer and/or support.

15 We mentioned the need for consistency.
16 We fully agree as we transition, we saw the
17 last time around that we transition to the
18 current model that delays in the transition
19 and utilities losing staff that were
20 working on the programs we saw a real drop
21 off in activity, that took a year or two to

22 get that momentum back. Once customers and
23 contractors dropped out of a program it's
24 an effort to get them back in. So we would
25 urge you to look for a smooth transition

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1 and manage it effectively.
2 Program evaluation, as I mentioned we
3 also agree. The only comment I would make
4 is that I would typically split evaluation
5 into sort of two buckets. One is the
6 upfront evaluation and market assessments.
7 The market studies that are used to help
8 decide which programs you're going to do
9 and which markets you are going to address.
10 I believe those should be done by the
11 program administrator as part of the
12 program development stage, anything that's
13 assessing how the programs did after the
14 fact should be somebody independent of the
15 market administrator. Essentially you're
16 having somebody looking at how that works.
17 So I would separate the evaluation into two
18 pieces.

19 And then my last comment is on
20 financing programs, I think as the Board's
21 aware the Clean Energy Program and new
22 financing program through EDA was
23 implemented this year, staff has issued a
24 proposal for a new financing program for
25 the multifamily sector, which appears to be

1 a sector that could benefit from financing.
2 So we're moving in that direction, trying
3 to look and see what programs can work.

4 I guess when I hear financing it can
5 take various forms. It could be a
6 revolving loan fund, it could be loan loss
7 reserves, it could be interest rate
8 subsidies, it could be loan by a private
9 bank, it's just five or six different
10 structures that could be utilized. And I
11 would just urge the Board to carefully
12 assess the risks and benefits of each of
13 those, determine which is the best approach
14 to financing.

15 And also concurring with the Working
16 Group's report I think the most important
17 issue is that it's not clear that financing
18 without incentives is sufficient to get
19 customers to make the investments in energy
20 efficiency. Right now the financing
21 programs we have supplement other rebates
22 and other incentives, and I think similar
23 to the transition on solar you start with
24 both and then over time see if you can
25 reduce the incentives and shift more of it

1 to financing. I agree with your conclusion
2 that financing puts more of the cost on the
3 customer that's benefitting from the
4 investment, and try to get that customer to
5 pay as much of that cost as possible.

6 So again, generally I agree with the
7 conclusions in the report. I want to thank
8 the working Group, I think they did an
9 excellent job in a short period of time.
10 And I was just trying to add another layer
11 of detail. So thank you, and I answer any
12 questions you may have.

13 PRESIDENT SOLOMON: Thank you,
14 Michael. Thank you.

15 Joe Joyce, I saw him here. Ray
16 Angelini, Inc.. Correct?

17 JOE JOYCE: That's right. Good
18 morning. I'm Joe Joyce, I run sales and
19 marketing for Ray Angelini, my boss is
20 here.

21 PRESIDENT SOLOMON: So be careful.

22 JOE JOYCE: Yes, I have to be very
23 careful. We're one of the largest solar
24 integrators on the East Coast. Currently
25 we have 350 employees, most of whom are

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1 involved in our solar business.

2 In as much as the statistics that
3 we've heard this morning and in the reports
4 help in understanding, this is all about

5 jobs. In the past six months we've had 40
6 projects that have been approved by public
7 and private entities for solar projects,
8 which have not been able to go forward
9 because of a lack of financing. The
10 investors in the energy marketplace have
11 pretty much disappeared from the table in
12 the past six months because of the
13 volatility and the collapse of the SREC
14 market. So these 40 projects would have
15 resulted in us going from 350 probably
16 upwards of 600 employees, all in good
17 paying jobs, most of them New Jersey
18 residents. And instead of that we're in a
19 position where some of them, many of them,
20 are in danger of being on unemployment
21 because of the projects that aren't going
22 forward. And that's a travesty right now.
23 We can't afford that in New Jersey. We've
24 got an industry that's put a lot of people
25 to work in good paying jobs, whether it's

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1 17,000 or some other number, it's quite a
2 few folks.

3 The investors in the marketplace are
4 okay to take on certain risks, they're okay
5 to take on production risks, credit risks,
6 and in some cases the risk of value SREC.
7 However, the fact that there's no floor has

8 created a situation where that risk becomes
9 too great to invest. And we're at a point
10 now the stability of the SREC values is
11 essential. The projects currently don't
12 pencil out quick enough. So you've got big
13 piles of money that move around trying to
14 invest in various projects, and where you
15 used to find a project you could easily
16 pencil out in four years or so, now it's up
17 to six, seven, eight years. And for many
18 investors that's too long a time frame.

19 So we echo many of the suggestions
20 that have been made here this morning, we
21 believe that accelerating the RPS is a good
22 idea that will help create a short-term
23 fix. We hope that there's some way, we're
24 not sure exactly what the mechanics are,
25 but we hope there's some way to establish a

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1 floor price. If there is a floor price the
2 money will once again flow back into our
3 industry and put many, many more New Jersey
4 residents back to work.

5 We hope to see the EDC programs
6 expanded, we realize most of them are
7 coming to the end right now, and hopefully
8 that could be renewed, we know there are
9 efforts underway, and we hope to see that
10 happen.

11 One of the things that has caused the
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12 collapse in the SREC market is over supply.
13 And these are primarily because of projects
14 that don't really benefit many New Jersey
15 residents, these large wholesale projects,
16 20 megawatts, 15 megawatts, that jump just
17 pump the electricity back in the PGM grid.
18 And these aren't firms that employ people
19 who vote and pay taxes and all that other
20 stuff.

21 So we're hoping there may be some way
22 to segment off the wholesale projects from
23 net-metered projects. We've had a lot of
24 customers of ours who would love to go and
25 do solar, they are employing 300, 500

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1 people, but they are unable to do it
2 because the SREC values don't make these
3 things work and their banks won't lend them
4 the money.

5 So a preference to net-metered
6 products would be good, and even limiting
7 the size of projects, a 20 megawatt project
8 is massive. And it does have a short-term
9 benefit, there are people that do
10 construction, on these very large projects
11 a lot of the construction people aren't New
12 Jersey residents, they come in from out of
13 state, they do their job and then they
14 leave. And maybe there's two or three or

15 four or five people left to do operations
16 and maintenance ongoing, that's not really
17 helping us much here.

18 So we appreciate the work of the Board
19 and the work of the Work Group here, and we
20 hope we can count on the Board to take some
21 proactive steps to help keep many of our
22 New Jersey residents working. Thank you
23 very much.

24 PRESIDENT SOLOMON: Thank you. Thanks
25 very much. Ruth Miale. Did I say that

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1 right?

2 RUTH MIALE: Yes. I am a cartoonist,
3 and a resident. I didn't draw a picture of
4 any of you. And I am a resident primarily.
5 I have recently donated a cartoon to the
6 Sierra Club, and I have been learning from
7 them. But I am speaking as a resident, not
8 on behalf of their policy.

9 My head is in my sketchbooks, I am not
10 up on policy. So I am just going to say
11 this, I am 52, I remember reading about
12 standard energy production and the ill
13 health effects when I was reading my
14 seventh-grade weekly reader. So I have
15 known for a long time this is an issue.
16 And I'd just like to add to the
17 significance of this report in weighing the
18 commitment of the State and this Clean

19 Energy Fund Working Group to the enabling
20 of the transition to clean energy industry.
21 The cost benefit analysis should be
22 expanded beyond the closed circuit of
23 industry investment and expenditure and
24 power consumption to measure the cost, the
25 dollar cost to the State, to employers, and

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1 to consumers in health care productivity
2 and efficiency. That's all.

3 PRESIDENT SOLOMON: Thank you.

4 COMMISSIONER FOX: No cartoons?

5 RUTH MIALE: No. Not yet.

6 PRESIDENT SOLOMON: I'll be getting
7 one in the mail. I can feel it coming.
8 Christina Gold from Sierra Gold.

9 CHRISTINA GOLD: That's me. But since
10 Jeff Tittle spoke I will just defer to his
11 comments.

12 PRESIDENT SOLOMON: He has that impact
13 on a lot of people.

14 CHRISTINA GOLD: In the interest of
15 time.

16 PRESIDENT SOLOMON: Jo Ann Pannone,
17 also Sierra Club.

18 JOANN PANNONE: I am here as just a
19 person.

20 PRESIDENT SOLOMON: Okay.

21 JOANN PANNONE: Hi. I am Jo Ann

22 Pannone from Robbinsville, New Jersey. And
23 I am here with a personal story. That when
24 I retired my goal was to clean up my act,
25 to get rid of my oil furnace, and I put in

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1 a geothermal. But as I looked at
2 contractors, and looked at funding, and
3 finally got my permits in order, because my
4 town construction office didn't understand
5 how to put loops in the ground, etcetera,
6 the time ran out and the funding from the
7 State was gone. It would have been \$10,000
8 for a \$24,000 project, which would have
9 meant a lot to me.

10 Anyhow, I went ahead with the project.
11 And I am very happy that I did. I don't
12 have the oil furnace puffing every time it
13 kicks on. And my 93-year-old mother is
14 pretty warm right now without worrying
15 about it.

16 But, the second part of my program was
17 to get solar to offset my energy cost that
18 now picked up by going to geothermal, the
19 heat pump system. And as I line people up
20 I realize that no more state money. I'm
21 out of the loop again. And to find a bank
22 in New Jersey is impossible. There's a
23 bank in Philadelphia that will write you,
24 unless you want to do a second mortgage on
25 your home. My home is only 1,400 square

1 feet, and the minimum project would be
2 \$24,000. So that's a little bit steep for
3 me, as I am retired.

4 And the SREC's, even if I went ahead
5 with the project and got a \$35,000 job the
6 SREC's wouldn't pay now, wouldn't help me
7 with my payments, because it's just too
8 much and too long, I'm too old to get into
9 that.

10 My purpose driven is by stopping
11 pollution generated by JCP&L, that's who my
12 provider is, with the atomic power plant.
13 My dad was an ironworker, it was a great
14 job to put that atomic power plant in, but
15 he also had a boat in Oyster Creek. And
16 when they turned it on and the water got
17 hot, all the fish floated. And the next
18 thing you know the power plant came in and
19 bought those marinas so that it was quiet
20 that all that heat was bumping into the
21 Barnegat. And from the Barnegat it goes
22 out into the Atlantic.

23 My other problem is the
24 coal-generating plants here in Mercer. I
25 am an outdoors person, I believe that no

1 kid should be left inside, I take my
2 grandkids out as much as I can. But the
3 pollution generated from the
4 coal-generating plant in Mercer and from
5 over in Pennsylvania has caused the wood
6 frogs in my forest to disappear from the
7 acid rain. Wood frogs, you've got peepers,
8 you've got wood frogs, and if you lived
9 with it long enough you'd notice that that
10 little bark that they bring in the spring
11 is gone. For a little animal who's evolved
12 over generations from prehistoric times to
13 now just disappear because of what we've
14 done is despicable.

15 We turn on the tap and we don't know
16 what's coming out, if it's safe to drink.
17 We hear about transmission lines and gas
18 lines and the threat to our water. We need
19 clean air and clean water to live. The
20 ocean is our lungs, is the lungs of the
21 earth. We don't get anymore oxygen or
22 carbon sequestration than what the ocean
23 does on its own with all its little
24 organisms.

25 So what do we plan on doing? We're

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1 going to build a plant and we're going to
2 pipe our carbon and sequester it under the
3 ocean. And we'll see how that works, see
4 what we do to the ocean with that.

5 I hope we can come to a long-term
6 commitment to clean up our act for
7 renewable energy and pursue a fully
8 fundable energy program here in New Jersey.
9 And let's continue to be the leaders for
10 clean energy. Thank you.

11 PRESIDENT SOLOMON: Thank you. And
12 just for the record, that plant you
13 referred to, to have the carbon
14 sequestered, that's not being built, that's
15 been stopped.

16 JOANN PANNONE: All right.

17 PRESIDENT SOLOMON: But that was some
18 time ago.

19 JOANN PANNONE: Yeah.

20 PRESIDENT SOLOMON: All right. Thank
21 you.

22 JOANN PANNONE: Thank you.

23 PRESIDENT SOLOMON: That's the last
24 speaker we have. Now let's see, if there
25 are any questions you can direct them to

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1 me, I will try to answer them. Here is
2 your chance, you've got about 45 minutes,
3 we will keep it longer if we have to for
4 questions. And, please, if you have them,
5 relate it to the contents of the report,
6 the contents of the Master Plan, and any
7 suggestions that you might have or you may

8 take issue with regarding that report and
9 regarding the Master Plan. Anybody? Yes.
10 Jeff.

11 JEFF TITTEL: Jeff Tittle.

12 PRESIDENT SOLOMON: I thought you
13 already spoke. Is it a question for
14 yourself?

15 JEFF TITTEL: It's actually kind of
16 what I forgot to mention.

17 PRESIDENT SOLOMON: Go ahead, here's
18 your chance.

19 JEFF TITTLE: But I will ask it as a
20 question. When you look at the Clean
21 Energy Programs are you also going to look
22 at trying to help fund some of the newer
23 emergent clean energy technology? I know
24 we did it for wind and solar in the past,
25 but are we going to look at biomass and

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1 microhydro and geothermal and some of the
2 other potentials that are out there?

3 PRESIDENT SOLOMON: We are looking at
4 all of that, not just from a generation
5 standpoint, but a development standpoint.
6 We have a couple programs in place. But
7 all of these opportunities are evolved into
8 clean energy program, it's reconfigured
9 from a financial standpoint. The answer is
10 yes.

11 Yes, sir.

12 SCOTT SCHULTZ: Just a quick question
13 about some of the comments, about one of
14 the comments that were made this morning
15 with the suggestion of having the
16 unregulated site of the utilities invest in
17 solar or energy efficiency. From my
18 understanding, please clarify it, if you
19 can, is that at present these unregulated
20 sites are prohibited from doing business in
21 the regulatory territories. Is that true?
22 PRESIDENT SOLOMON: They're prohibited
23 from doing the same business as the
24 regulated utilities do. There are a lot of
25 issues with that, being able to do that.

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1 We can't force them to do any of that, we
2 don't have the authority over them to do
3 any of that. They would have to find
4 financial incentive to do so.
5 The regulated utilities have a
6 financial incentive to do so, although some
7 of them are related to the generators,
8 that's a different issue than we're trying
9 to deal with, and that is that they will
10 receive a return on their investment. What
11 that return is depends upon us. So your
12 statement is correct. Thank you.
13 Anything else? Yes, sir.
14 RAY ANGELINI: Chairman, what date do

15 you have in mind for wrapping everything up
16 and presenting it?

17 PRESIDENT SOLOMON: I don't have one,
18 because I think Rhea is still on the line,
19 and the next time I give you an
20 unreasonable date I think she is going to
21 throw something through the telephone line
22 at me. Our hope is that everything
23 concluded by the end of the year. That's
24 our hope.

25 RAY ANGELINI: And the Governor would

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1 he have to sign this?

2 PRESIDENT SOLOMON: Well it comes from
3 him. We will have our work concluded by
4 the final draft, and any implementation
5 would have to come from the direction of
6 the policy makers, which are the
7 Legislature and the Governor. But it is
8 the Governor's Master Plan.

9 Yes, sir.

10 VINCENT MACKIEL: Yeah, I am aware
11 this year the New American Foundation
12 reported there's only one plant in the
13 United States that produces solar power
14 from scratch, every part of it. My
15 question is, is there any attempt by this
16 Board, or anybody, whether it be in
17 business sector or political sector, to
18 establish that New Jersey should

19 manufacture this kind of renewable energy
20 for our future?

21 I have addressed the Board in terms of
22 my own comments during previous hearings.
23 I believe we should do something.
24 President Kennedy committed this Nation to
25 get a man on the moon in 1969, we

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1 accomplished that.

2 PRESIDENT SOLOMON: I am old enough to
3 remember that.

4 VINCENT MACKIEL: President Obama has
5 a jobs program which takes the deduction
6 from the oil industry they received for a
7 long time and did a lot of damage. Is
8 there any attempt to establish New Jersey
9 as a manufacturing plant?

10 PRESIDENT SOLOMON: Let me answer what
11 our authority is. Our authority is to use
12 our funds. You can sit, I will get to it.
13 Our authority is to use our programs and
14 our funds as dictated or driven by the
15 legislation that's been enacted directing
16 us setting the policy, and then we act on
17 it.

18 So your question would be probably
19 more directed to the Executive Branch of
20 the Governor's office and the Legislature.

21 There are a number of programs that we

22 have in place to facilitate manufacturing
23 in New Jersey, including of solar and other
24 things. And we do have a fund that is
25 funded by Clean Energy that can provide

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1 some loan money for venture capital or for
2 the second phase, which is implementation
3 of programs.

4 If your question is, are we
5 facilitating it? Yes. I don't have the
6 numbers in front of me. But the Lieutenant
7 Governor and the Governor have implemented
8 a number of strategies that are already a
9 matter of public record, funding coming
10 from EDA, funding from other sources in tax
11 benefits to incentives for manufacturing in
12 New Jersey. And there actually are a fair
13 number of facilities that have grown up,
14 evolved, and are manufacturing in New
15 Jersey right now. I don't have that in
16 front of me, as I said, that is largely
17 facilitated and implemented by the
18 Governor's office, the Lieutenant
19 Governor's Economic Development Program and
20 the Legislature.

21 So I believe the short answer is yes,
22 but most of that falls outside of our
23 bailiwick. And to the extent you're asking
24 for a political comment, I won't make one.

25 VINCENT MACKIEL: One other question.

1 PRESIDENT SOLOMON: What's your name,
2 sir?

3 VINCENT MACKIEL: I've addressed you,
4 Chairman Solomon, by letter previously at
5 the hearing.

6 PRESIDENT SOLOMON: Just for the
7 record, hold on, time out. For her, what's
8 your name?

9 VINCENT MACKIEL: Vincent Mackiel, I'm
10 a resident, rate payer in South Amboy, New
11 Jersey.

12 PRESIDENT SOLOMON: How do you spell
13 your last name?

14 VINCENT MACKIEL: M-a-c-k-i-e-l.

15 PRESIDENT SOLOMON: Okay. Go ahead.

16 VINCENT MACKIEL: I live in the
17 vicinity of the remnants of the Jersey
18 Central Power and Light, as well as the oil
19 gas businesses that lay in disrepair in
20 need of clean up.

21 My question is only, has the Board or
22 you, Chairman Solomon, visited some of
23 these sites that are still in disrepair? I
24 know you have a representative from Jersey
25 Central Power and Light that produced some

1 of the reports. My question is, have you
2 visited some of the sites in recent time
3 such as Jersey Central, such as some of
4 these contaminated areas from the oil and
5 gas industry as well as the nuclear
6 industries? Have you visited them and made
7 them somewhat a part of this ultimate plan?
8 That's my question.

9 PRESIDENT SOLOMON: The answer is yes.

10 VINCENT MACKIEL: I hope that you make
11 the right decision.

12 CHRISTINA GOLD: I have a totally
13 unrelated question.

14 PRESIDENT SOLOMON: And the DEP
15 Commission is intimately involved in all of
16 those questions that you asked. Yes,
17 ma'am.

18 CHRISTINA GOLD: Is there any plan for
19 further or more outreach in terms of the
20 Clean Energy Program? Because I know, I
21 mean, many of the people that are--

22 PRESIDENT SOLOMON: Yes.

23 CHRISTINA GOLD: Okay.

24 PRESIDENT SOLOMON: In fact, there is
25 a stakeholder process and there will be

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1 public hearings.

2 CHRISTINA GOLD: Because there might
3 not be as much of a surplus if more people
4 knew about the program and could take

5 advantage of it.

6 PRESIDENT SOLOMON: There will be that
7 opportunity. Mike Wick is here, he will
8 probably fill me in on some of the dates
9 that are set. But, yes, there will be
10 additional public input.

11 Yes, sir.

12 MATT ELLIOT: I'm Matt Elliot from
13 Environment New Jersey.

14 PRESIDENT SOLOMON: How are you, Matt?

15 MATT ELLIOT: I'm okay. How are you?

16 PRESIDENT SOLOMON: Terrific.

17 MATT ELLIOT: I think these are
18 comments, maybe there is a question in
19 there. But I think to the first thing on
20 energy efficiency, I definitely support the
21 plan supporting efficiency and continuing
22 to move forward on that, I think that's
23 great. There's a lot of talk in there
24 about making sure that our efficiency
25 programs are cost effective. And I think

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1 that's good in theory, but I think there's
2 a way to do that right and there's a way to
3 do that wrong. I think the right way would
4 be the way to put efficiency first before
5 new generation, before new transmission,
6 that kind of thing. The wrong way would be
7 to, of course, disadvantage energy

8 efficiency and not recognize the full
9 benefits of it. So I think if we're
10 talking about doing a true cost benefit
11 analysis and making sure that we're doing
12 the most cost effective efficiency project
13 we have to do it in the right way.

14 And then second, in terms of the SPC,
15 you know, I think we certainly support the
16 idea of transitioning renewable
17 technologies to the market. From day one
18 we supported the transition of solar to the
19 outside market, I think that's the way we
20 have to go moving forward with renewables.
21 But we don't support the idea of phasing
22 out the SPC for new emerging technologies.
23 I think when we talk about title, when we
24 talk about certainly energy storage we need
25 things like the SPC to be the seed fund

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1 that is really sparking the creation of
2 these new technologies. And I would
3 encourage the Board or the Committee, I
4 guess, to reconsider this idea that for
5 renewables we should entirely phase out the
6 SPC and just only focus on pinnacle market
7 transition. I think that can happen, but
8 you need kind of a seed fund and a start up
9 to do that before we transition into the
10 market.

11 PRESIDENT SOLOMON: I appreciate your
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12 comments. You're right, that's a comment
13 not a question.

14 Yes. Your name.

15 SCOTT SCHULTZ: Scott Schultz.

16 There's been a very positive impact in both
17 the clean energy program and the EDA
18 programs, particularly on the rumble site
19 in terms of attracting manufacturing jobs.
20 Although it's only in it's stages right now
21 we have a converter manufacturing, solar
22 module manufacturing, and a number of
23 mounting system manufacturings that are all
24 just recently locating here into New Jersey
25 and all generating jobs and revenues for

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1 the State.

2 PRESIDENT SOLOMON: Thank you.

3 Anything else? Any questions? All right.

4 I want to thank you all, the members of the
5 Committee that were here, thank you for
6 your report, thank you all for coming. And
7 November 1st is our next meeting here at
8 1 o'clock.

9 (Adjourned at 11:45 a.m..)

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