



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

CLEAN ENERGY

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IN THE MATTER OF CUSTOMER ON-SITE)	
RENEWABLE ENERGY (CORE) PROGRAM:)	ORDER
)	
REBATE DISPUTE FILED BY MR. MACIORSKI AND)	
MODIFICATION OF CORE PROGRAM GUIDELINES)	DOCKET NO. EO09040300
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(SERVICE LIST ATTACHED)

BY THE BOARD:

By Order dated August 1, 2007, Docket no. EX04040276 the Board approved programs and budgets for the New Jersey Clean Energy Program, including the Customer On-Site Renewable Energy (CORE) program. The CORE program provides incentives to customers that install renewable energy systems. Honeywell International, Inc. ("Honeywell") manages the CORE program in its capacity as the Board's Renewable Energy Market Manager.¹

By letter dated September 13, 2007, Mr. Maciorski received a rebate approval letter from Honeywell, for a 4 kW solar system to be installed on his home in Lake Hopatcong, New Jersey

¹ The Board closed the CORE program to new private sector solar applications on December 20, 2007 and closed the CORE program to all public sector solar applications as of April 1, 2008. In the matter of a Request to Suspend the Acceptance and Processing of New Solar Applications in New Jersey's Customer On-Site Renewable Energy (CORE) Rebate Program, Docket No. EO07100773 (Dec. 20, 2007) ("December 20th Order"). Honeywell's 2009 compliance filing, which was approved by the Board in its 2009 Budget Order, also included a budget and program description for the Renewable Energy Program: Customer Sited (now called the Renewable Energy Incentive Program ("REIP")). I/M/Q Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for 2009-2012: 2009 Programs and Budgets: Compliance Filings, Dkt No. EO07030203 (January 8, 2009) (2009 Budget Order).

(application number BPU 3233). The system was installed by Mr. Maciorski; the rebate was approved in an amount of \$16,830, reflecting the self-install rebate reduction utilized by the program.

Under the CORE program guidelines and requirements all rebate approvals are conditioned on the system achieving a minimum output of 80% of optimal system output.² Mr. Maciorski's rebate approval letter stated that "[t]he project must be installed in compliance with . . . all program guidelines and requirements." Subsequent to Mr. Maciorski's installation of the system and submittal of a final application, the system was inspected by Honeywell. The inspection report, dated February 12, 2008, indicates that the project failed inspection because it did not meet the minimum output requirement. By letter dated February 8, 2009, Mr. Maciorski's request for a rebate was denied on these grounds. The program requirements have consistently included a requirement that a renewable energy system meet a minimum output threshold which was increased from 75% to 80% on April 7, 2006. This standard was in effect at the time of Mr. Maciorski's approval letter and when he submitted his final application. Therefore, Honeywell was correct in denying Mr. Maciorski's request for a rebate.

The Board has engaged Applied Energy Group ("AEG") to provide Program Coordinator services related to the New Jersey Clean Energy Program ("NJCEP"), including dispute resolution services. By email dated February 18, 2009, Mr. Maciorski filed a request for reconsideration of that denial with AEG pursuant to the dispute resolution procedures set out on the NJCEP web site. In support of his request for reconsideration, Mr. Maciorski stated that he was aware that his system would be close to the minimum threshold and had taken steps to maximize output, such as installing modules with the maximum output. Mr. Maciorski had calculated the system output at 71.6% or 8.4% below the 80% minimum standard required.

In response to the dispute filed by Mr. Maciorski, AEG consulted with Board staff ("Staff" or "the OCE"). Upon review of this matter, Staff concurred with the AEG that, despite the failure of his system to meet the 80% standard, this applicant has met all other program requirements and has in all substantive ways fulfilled the purpose and intent of the CORE program. Mr. Maciorski invested significant time and money installing the solar system. He took action to maximize the output of his system and as a result the system came close to the program requirement; the NJCEP inspection report regarding Mr. Maciorski's system indicates that the system produces between 67 and 71% of maximum output. As such, it contributes to the attainment of New Jersey's Renewable Portfolio Standard ("RPS") goals, N.J.A.C. 14:8-2, and also contributes to the distributed generation and customer-generator activity encouraged by the CORE program. Notwithstanding these benefits, current policy would not allow Mr. Maciorski any rebate.

With direction from the OCE, AEG attempted to settle Mr. Maciorski's dispute. For purposes of settlement, AEG and Mr. Maciorski agreed to use an estimated maximum output of 70%, which is within the range estimated by the NJCEP inspector, and proportionally reduce the rebate. The original rebate commitment was for \$16,830. A maximum output of 70% equates to 87.5% of the 80% minimum output threshold. AEG proposed and Mr. Maciorski agreed to a reduction in the rebate equal to 87.5% of the original approved rebate level, which results in a rebate of \$14,726.25. Mr. Maciorski has indicated he will accept this reduced amount. AEG has informed Mr. Maciorski that the proposed settlement would be subject to further review and approval.

The current program procedure pays 100% of the rebate for a system at an 80% output level and nothing for a system at 79.9%. However, a renewable energy system can provide significant benefits in furtherance of CORE program goals even if the system does not meet the

² Implementation of Additional CORE Program Changes - Effective April 7, 2006.

minimum 80% output currently required under the CORE program guidelines. In fact, even at a 70% output, Mr. Maciorski's solar project contributes to the attainment of New Jersey's RPS goals. Therefore, Staff recommends that the Board authorize Honeywell to approve a rebate for Mr. Maciorski in an amount of \$14,726.25.

As a result of reviewing Mr. Maciorski's dispute, Staff also recommends a revision of the program guidelines on system output as it impacts the approval of rebates. Staff believes that reducing the rebate proportionally when output falls between 70% and 80%, rather than eliminating the rebate completely, provides a more appropriate "stepped down" incentive for the installation of effective renewable generation. Therefore, Staff recommends a policy that reduces rebates proportionately for any project that does not meet the 80% minimum output standard but is greater than or equal to 70%. Staff recommends that this policy apply to all rebate applications received on or before the date this order takes effect in both the CORE and its successor program, the Renewable Energy Incentive Program (REIP).

Discussion and Findings

The Board has reviewed this matter and Staff's recommendation. The Board FINDS that Mr. Maciorski has invested significant resources in the installation of a solar system and has taken steps to maximize the output of his system. The Board FINDS that, despite its failure to meet the 80% minimum output standard, this system meets all other program requirements and will contribute to meeting the RPS goals. The Board also FINDS that this system contributes to the distributed generation and customer-generator activity sought to be encouraged through the CORE program. The Board FURTHER FINDS that a prorated rebate will provide an appropriate incentive. Therefore, the Board HEREBY APPROVES the settlement proposed by Staff as set out above. The Board HEREBY DIRECTS Staff to authorize Honeywell to issue a rebate to Mr. Maciorski in an amount of \$14,726.25 for application number BPU 3233.

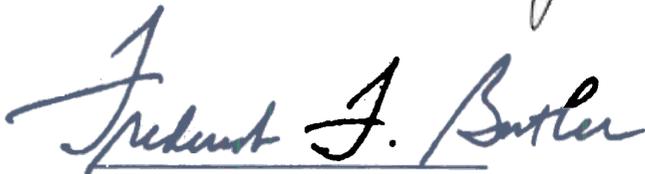
The Board has also reviewed Staff's recommendation regarding the CORE program guidelines on system output as it impacts the approval of rebates. The Board HEREBY FINDS that projects that meet or exceed the minimum 80% output standard receive the full rebate for which the project was approved. The Board FURTHER FINDS that a renewable energy system can provide significant benefits in furtherance of CORE program goals even if the system does not meet the minimum 80% output currently required under the CORE program guidelines. Accordingly, the Board HEREBY DIRECTS Staff to coordinate with Honeywell in modifying the CORE program guidelines to allow for the proportional reduction of rebates for renewable energy systems that: (a) meet all other requirements of the CORE program guidelines, (b) fail to meet the 80% minimum output standard, and (c) meet or exceed 70% output. The Board FURTHER DIRECTS that proportionally reducing rebates for such systems shall be authorized for all pending or future CORE rebate applications and for all Renewable Energy Incentive Program rebates as of the date of issuance of this Order.

The effective date of this Order is as set forth below.

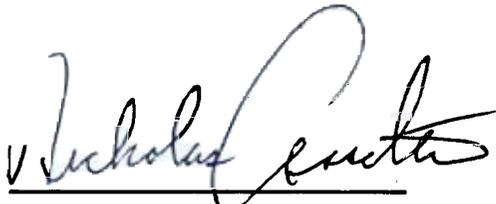
DATED: 6/5/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

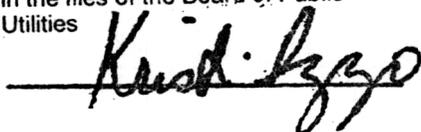

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


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



IN THE MATTER OF THE CLEAN ENERGY PROGRAM AUTHORIZATION OF CUSTOMER
ON-SITE RENEWABLE ENERGY REBATES EXCEEDING \$100,000

SERVICE LIST

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