



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

CLEAN ENERGY

IN THE MATTER OF COMPREHENSIVE ENERGY )  
EFFICIENCY AND RENEWABLE ENERGY RESOURCE ) ORDER  
ANALYSIS FOR 2009 -2012: REVISED REBATE )  
APPROVAL PROCEDURES ) DOCKET NO. EO07030203

BY THE BOARD:

By Order dated January 9, 2009, Docket No. EO07030203 ("2009 Budget Order"), the Board approved 2009 programs and budgets for New Jersey's Clean Energy Program, which offers financial and other incentives for the installation of energy efficiency and renewable energy systems. Currently, the Board's policy requires Board approval of any project with a rebate that exceeds \$100,000 before the Board's contract Market Managers, Honeywell International, Inc. ("Honeywell") and TRC Energy Solutions ("TRC"), may issue a rebate approval letter. In this Order, the Board considers and approves modifications to this policy.

During 2007, the Board implemented a policy that required Board approval prior to issuance of a rebate approval letter for all energy efficiency rebates in excess of \$50,000 and all renewable energy rebates in excess of \$100,000. That policy was revised by Order dated March 31, 2008, Docket No. EX04040276, when the Board approved increasing the threshold for approval of energy efficiency rebates from \$50,000 to \$100,000. The policy change was recommended in light of a probable increase in the number of applications above the \$50,000 threshold as well as the hardship and delay caused by the Board's approval process. Having increased energy efficiency rebates from \$100,000 to \$200,000, the Board found that the proposed policy change was reasonable.

In its 2009 Budget Order the Board approved a number of changes to the commercial and industrial ("C&I") energy efficiency programs, including an increased maximum rebate of \$500,000 for the C&I Construction program and a maximum rebate of \$1 million per meter for the Pay-for-Performance program. By Order dated August 7, 2009, Docket No. EO07030203 ("Revised 2009 Budget Order"), the Board approved revisions to its 2009 programs and budgets. Specifically, the Board approved a number of additional changes to the programs including increasing the maximum rebates for certain customers that participate in the Pay-for-Performance program from \$1 million to \$2 million per meter and increasing the maximum

incentive available under the Local Government Energy Audit program from \$100,000 to \$300,000. The program changes approved by the Board in the 2009 Budget Order and the Revised 2009 Budget Order are expected to significantly increase the number of projects with rebates in excess of \$100,000.

Moreover, both the State and federal governments have taken action aimed at stimulating job creation and job retention in the energy efficiency and renewable energy markets. The American Recovery and Reinvestment Act of 2009 will provide New Jersey with millions of dollars to provide incentives for investments in energy efficiency and renewable energy. Likewise, the utilities have developed proposed energy efficiency programs for consideration by the Board to assist in achieving Governor Corzine's economic recovery objectives. Both of these efforts target "shovel ready" projects that will put people to work quickly.

Staff seeks to align the rebate approval process with the State and federal efforts to quickly develop meritorious projects. As noted above, Staff believes that the increased rebate levels recently approved by the Board will significantly increase the number of projects greater than \$100,000. Under the Board's current policy, those projects will require Board approval prior to issuance of a rebate approval letter. The act of obtaining the Board's approval of projects greater than \$100,000 can lengthen the project approval process and, in turn, cause construction delay. Given the anticipated increase in rebate applications greater than \$100,000 as well as the goal of swift development of "shovel ready" projects, Staff recommends that the Board modify its current policy by increasing the threshold for Board approval to rebates that exceed \$300,000.

Notwithstanding the importance of quickly developing shovel ready projects, Staff recognizes that sufficient procedures must ensure that rebate approvals are issued only for projects that meet the Board's approved program requirements. Staff oversees the delivery of clean energy programs by the Market Managers. Staff's oversight of the Market Managers includes, but is not limited to, regular meetings with the Market Managers; monthly meetings with the Energy Efficiency and Renewable Energy Committees of the Clean Energy Council to discuss program issues; review and approval of program guidelines; as well as review and approval of invoices for the payment of rebates. Furthermore, the Board engaged Applied Energy Group ("AEG") to work with Staff in providing Program Coordinator services for the clean energy programs. These services include review of applications on a sample basis prior to issuance of rebate approval letters to ensure all of the Board's approved program requirements are met and that the rebates are calculated correctly. AEG provides regular reports to Staff that identify any issues that arise through these reviews and coordinates resolution of such issues with Staff. AEG also performs pre- and post-installation inspections to ensure that all program requirements are met and provides Staff with regular reports showing the results of the inspections. In addition to its oversight of the Market Managers, Staff regularly brings clean energy matters to the Board for consideration and guidance. Thus, Staff believes the current procedures are sufficiently robust to ensure that rebate approvals conform to the Board's approved program requirements.

#### *Discussion and Finding*

The Board supports initiatives aimed at stimulating the development of clean energy projects, but shares Staff's concerns about delays in project development that may occur due to the existing administrative procedures. The Board strives to minimize administrative burdens as much as possible, while maintaining adequate procedures to ensure that ratepayer funding is spent only on projects complying with the Board's program requirements. Staff's oversight of

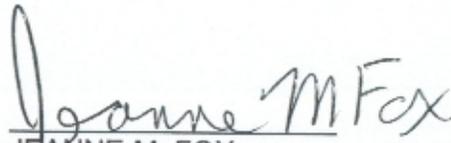
the Market Managers combined with the Board's approval of larger projects make certain that the Board's approved policies are carried forth as intended.

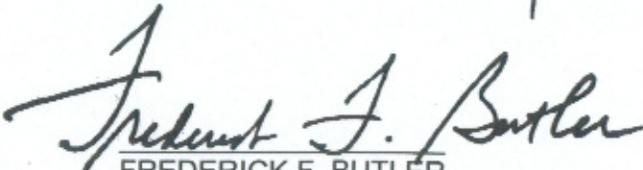
At present, State and federal efforts seek to stimulate the economy through the development of meritorious, "shovel ready" clean energy projects. Staff has indicated to the Board that the increased maximum rebates available to certain customers may significantly increase the number of applications for rebates that exceed \$100,000 and currently require Board approval. To align the rebate approval process with the government stimulus, Staff seeks a revision of the Board's policy.

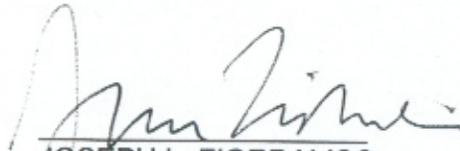
In light of the probable increase in applications as well as the State and federal initiatives, the Board HEREBY FINDS that Staff's recommendation is reasonable. The Board HEREBY MODIFIES its current policy such that Board approval is required prior to issuing a rebate approval letter only for rebates that exceed \$300,000. This policy shall be effective as of the date of this Order. Despite this change in policy regarding rebate approvals, Board approval is still required for all grants and contract awards.

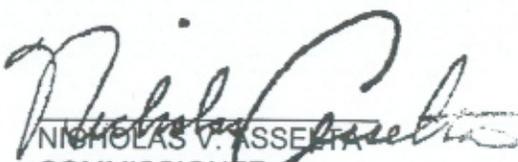
DATED: 9/29/09

BOARD OF PUBLIC UTILITIES  
By:

  
JEANNE M. FOX  
PRESIDENT

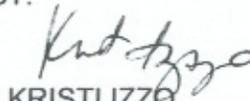
  
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NICHOLAS V. ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

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

