



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

CLEAN ENERGY

IN THE MATTER OF COMPREHENSIVE ENERGY)
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)
ANALYSIS FOR 2009-2012: 2009 PROGRAMS AND)
BUDGETS: COMPLIANCE FILINGS)

ORDER OF
MODIFICATION

DOCKET NO: EO07030203

IN THE MATTER OF CUSTOMER ON-SITE)
RENEWABLE ENERGY (CORE) PROGRAM: REVISED)
2008 CORE BUDGET ALLOCATION)

DOCKET NO. EO09030212

BY THE BOARD:

In this Order the Board of Public Utilities ("Board") will consider proposed modifications to the Customer On-Site Renewable Energy ("CORE") program budget allocation for 2009. Honeywell International, Inc. ("Honeywell") manages the CORE program in its capacity as the Board's Renewable Energy Market Manager. By Order dated January 8, 2009 in the above referenced docket ("2009 Budget Order"), the Board approved 2009 programs and budgets for the New Jersey Clean Energy Program ("NJCEP"). The 2009 Budget Order approved carrying forward the funds in the CORE program 2008 budget so that the program could honor commitments previously incurred and make additional commitments to projects that applied to the program before its budget categories closed to new applications.

The Board has allocated rebate funding within the CORE program among different applications according to the technology, the project size, and the customer class. As a result, CORE funding has been divided among private sector solar applications less than or equal to 10 kilowatts (kW); private sector solar applications greater than 10 kW; public school (k-12) solar applications from schools; SUNLIT;¹ non-school public sector solar applications; and non-solar (wind and biomass) applications. Due to high participation rates, some of these sectors experienced applications in excess of available funding, requiring queues for rebate

¹ The SUNLIT program was designed to provide solar energy rebates to affordable housing projects.

commitment approvals since early 2006. In the Matter of the Office of Clean Energy Customer On-Site Renewable Energy (CORE) Program, Dkt. No. EO04121550 (Feb. 13, 2006).

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). In the 2009 Budget Order, the Board approved Staff's recommendation to accept applications for non-solar (wind and biomass) projects and SUNLIT projects through December 31, 2008; after that date the program was closed to all new applicants.

Since CORE program's budget categories had closed to any new applications after December 31, 2008, the 2009 CORE program budget approved by the Board was available only to (1) projects that had previously received a rebate commitment letter or (2) projects submitted to the CORE program before the closing date and awaiting additional program funding prior to receipt of a rebate commitment letter. Following the 2009 Budget Order, Honeywell issued rebate approval letters to eligible projects submitted to the CORE program before the closing date. Honeywell also reviewed all of the applications submitted to the CORE program before the closing date and requested additional information from projects as needed to complete the processing of the applications.

Honeywell has completed its review of all of the applications received before the closing date, which indicates that the Private greater than 10 kW; Private less than or equal to 10 kW; SUNLIT; and non-solar (Wind and Biomass) budget categories have excess funds beyond what is required to fund commitments for all projects in their respective categories. Unfortunately, the Public Schools (K-12) and Public Non-schools budget categories have insufficient funds to provide commitment letters to all of the eligible applications in those categories. Thus, Honeywell proposed the reallocation of the excess funds from the four budget categories that have surplus funds to the two public budget categories that currently do not have sufficient funds to provide commitment letters for all eligible applications. The recommended budget reallocations in Table One below would provide sufficient funding for the issuance of commitment letters to all of the remaining eligible public projects.

Staff has reviewed Honeywell's proposal and recommends it to the Board. Staff believes that reallocations will permit additional public solar projects to move forward. These public projects have already taken the initial steps toward project completion required in order to file a rebate application. More solar projects, such as these, will advance the goals of the NJCEP and contribute to the achievement of the renewable energy goals set out in the New Jersey Energy Master Plan. In addition, the funding will be reallocated to public projects thereby enabling those public entities an opportunity to reduce their energy use and the energy costs. At this time, it is even more significant to note that these projects are "shovel ready" and incentives will likely result in some immediate economic stimulus not present otherwise. Therefore, Staff recommends that the Board approve Honeywell's proposal and modify the CORE budget allocations in the 2009 Budget Order as set forth in Table One below.

Table One

CORE Rebate Budget Categories	2008 CORE Budget Approved by the Board by Order Dated 9/30/08	Line Item Transfer	Revised 2008 Core Budget
	(A)	(B)	(C) = (A) - (B)
≤10kW Private	\$53,305,000	(\$400,000)	\$52,905,000
>10kW Private	\$51,648,000	(\$6,650,000)	\$44,998,000
Public- Non Schools	\$44,403,000	\$5,580,000	\$49,983,000
Public Schools K-12	\$29,086,000	\$5,920,000	\$35,006,000
SUNLIT	\$5,395,000	(\$620,000)	\$4,775,000
Wind and Biomass	\$7,212,000	(\$3,830,000)	\$3,382,000
Total CORE Rebate Budget	\$191,049,000	\$0	\$191,049,000

The 2009 Budget Order provided that the CORE program would terminate either when all of the 2008 CORE funds are committed or 90 days from the date of the Order (April 8, 2009), whichever occurred first. Honeywell will require more time to process the applications and expend the recommended reallocation. Therefore, Staff recommends that the Board further modify the 2009 Budget Order to provide that the CORE program will terminate either when all of the funds, as revised herein, are committed, or an additional 90 days from the date this Order is signed. Staff recommends that any uncommitted funds remaining after all pending applications have been approved or rejected and any funds that become available if projects cancel be treated as set out in the 2009 Budget 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")). This program included a budget for projects that were anticipated to remain in the CORE program budget categories after the 2008 CORE program budget was fully committed. These projects will be referred to as the "Initial Block." As stated above, the recommended reallocation of funds within the CORE program results in sufficient funds to offer a CORE rebate commitment to all eligible projects in the various program budget categories. Therefore, if Staff's recommendation is approved, the budget for the Initial Block included in Honeywell's compliance filing will no longer be required. To remedy this issue, Honeywell has proposed that the reallocation of those funds to the budgets for the first funding cycle for new solar applications.

Staff has reviewed Honeywell's proposal and recommends that the Board approve the reallocation of these funds as set forth in the Table Two below.

Table Two

Renewable Energy Program: Customer Sited Budget Categories	Compliance Filing Budget approved by the Board in the January 8 th Order	Recommended Transfer/Reallocation of Initial Block Funding	Revised Compliance Filing Budget
First Non-residential Funding Cycle	\$1.9 million	\$3.3 million	\$5.2 million
First Residential Funding Cycle	\$7.0 million	\$822,000	\$7.822 million

Honeywell has also requested that the Board clarify the mechanism for carrying over uncommitted funds from one funding cycle of the REIP to the next funding cycle of that program. The compliance filing indicated four distinct funding cycles: the Initial Block and three successive new market activity funding cycles. Honeywell's compliance filing contained provisions to automatically adjust solar rebate levels in response to market activity. Honeywell's stated intention was Board approval to automatically move uncommitted funds from any expired funding cycle into the next available funding cycle. To clarify that intention, Honeywell proposes the following language:

any uncommitted funds in each of the respective budget categories, residential and non-residential, in any funding cycle that has expired will automatically be carried over into the next funding cycle within that budget category. Honeywell will provide a budget status report at the end of each funding cycle that will show the amount of funds (if any) that will be carried over into the next funding cycle.

This language should clarify that uncommitted funds will carry over from one funding cycle to the next in accord with Honeywell's stated intention and Board-approved compliance filing.

Staff has reviewed the proposal and believes that this approach is consistent with the Board's approval of the budget categories and their respective funding levels. This language will also enable greater administrative efficiency in the implementation of the Renewable Energy Program: Customer Sited. Therefore, Staff recommends that the Board authorize Honeywell to carry over any uncommitted funds in the Renewable Energy Program: Customer Sited from one funding cycle to the next as set out above.

Discussion and Findings

The Board has reviewed Staff's recommendations. The reallocation within the CORE budget is proposed in order to provide funding to a number of solar projects on public buildings that have taken the initial steps toward project development and should be ready to proceed with project development and construction in the near term. The Board notes that the proposed reallocation will result in construction of these shovel ready public solar projects and possibly contribute some economic stimulus.

The Board **FINDS** that Staff's recommended reallocations will result in the completion of additional solar projects. The Board **FINDS** that these reallocations will result in promoting the

underlying policies of the New Jersey Clean Energy Program and the renewable energy goals of the New Jersey Energy Master Plan.

Based on the above, the Board **HEREBY MODIFIES** the 2008 Core program budget approved in the 2009 Budget Order as follows:

CORE Rebate Budget Categories	2008 CORE Budget Approved by the Board by Order Dated 9/30/08	Line Item Transfer	Revised 2008 Core Budget
	(A)	(B)	(C) = (A) - (B)
≤10kW Private	\$53,305,000	(\$400,000)	\$52,905,000
>10kW Private	\$51,648,000	(\$6,650,000)	\$44,998,000
Public- Non Schools	\$44,403,000	\$5,580,000	\$49,983,000
Public Schools K-12	\$29,086,000	\$5,920,000	\$35,006,000
SUNLIT	\$5,395,000	(\$620,000)	\$4,775,000
Wind and Biomass	\$7,212,000	(\$3,830,000)	\$3,382,000
Total CORE Rebate Budget	\$191,049,000	\$0	\$191,049,000

The Board also **FINDS** that Honeywell will need more time to process the additional applications funded under the reallocation. The Board **FINDS** that extending the time frames set out in the 2009 Budget Order until all reallocated funding has been committed or until 90 days from the date this Order is signed will provide the necessary time. The Board further **FINDS** that any uncommitted funds remaining after all pending applications have been approved or rejected, and any funds that become available if projects cancel, should be treated as set out in the 2009 Budget Order.

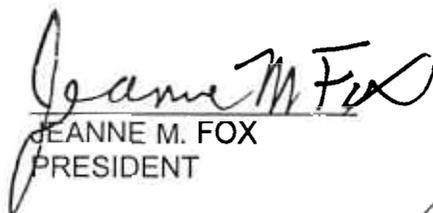
The Board **FINDS** that the reallocation of the CORE program budgets approved herein will make funding available for all projects currently on queue. The Board thus **FINDS** that the budget for the Initial Block included in Honeywell's filing is no longer required and that these funds should be made available to new projects. Therefore, the Board **APPROVES** the following modifications to the solar incentives budgets set out in Honeywell's compliance filing:

Renewable Energy Program: Customer Sited Budget Categories	Compliance Filing Budget approved by the Board in the January 8 th Order	Recommended Transfer/Reallocation from Initial Block Funding	Revised Compliance Filing Budget
First Non-residential Funding Cycle	\$1.9 million	\$3.3 million	\$5.2 million
First Residential Funding Cycle	\$7.0 million	\$822,000	\$7.822 million

Last, the Board **FINDS** that Honeywell's intention in filing the REIP was to obtain Board approval of the automatic movement of uncommitted funds in each of the respective budget categories, residential and non-residential, from any expired funding cycle into the next available funding cycle. The Board hereby **CLARIFIES** that any uncommitted funds in any funding cycle that has expired will automatically be carried over into the next funding cycle within each of the respective budget categories. The Board **DIRECTS** Staff to require Honeywell to provide a budget status report at the end of each funding cycle that will show the amount of funds (if any) that will be carried over into the next funding cycle.

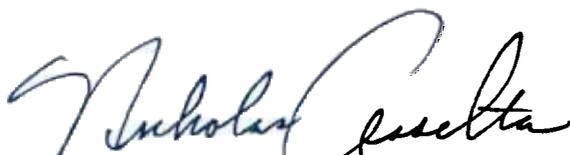
DATED: 4/3/09

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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

