MSEIA
MID-ATLANTIC SOLAR ENERGY INDUSTRIES ASSOCIATION

March 25, 2010

Honorable Lee Solomon
NJ BPU President
44 So. Clinton
Trenton, NJ 08625
Re: Comments on Proposed Revised 2010 NJCEP Budget and $158MM transfer to General Treasury

Dear President Solomon:

The Mid-Atlantic Solar Energy Association (MSEIA) is a 501 C-6 solar energy trade association based in Bordentown, NJ, at the EcoComplex. MSEIA represents 125 solar energy businesses, suppliers, distributors, project developers and small manufacturers throughout New Jersey, Pennsylvania and Delaware. A majority of the members are based in New Jersey and MSEIA has sought to grow a new renewable energy economic sector since 1997. I speak on behalf of these members, particularly those who compose small and medium sized businesses that provide solar energy and energy efficiency installations and retrofits (simultaneously) to homeowners, small businesses, non-profits, and many houses of worship.

In 1998, MSEIA approached the NJ State Legislature, Senator Peter Inverse, for legislative changes to E.D.E.C.A (energy deregulation) N.J.S.A. 48:3-45, et seq. to the Societal Benefit Charge to codify the creation of a special fund for the incentivization and growth of renewable energy, i.e. solar and wind energy, for New Jersey. During negotiations and discussions of the creation of the fund, the topic of where to place this fund involved hours of debate. It was finally decided that it made sense to place it in the NJBPU with the NJDEP consulting on the design of the program.

E.D.E.C.A., now N.J.S.A. 48:3:3-45 et seq. requires 25% of demand side management programs collected by the public electric and gas utility rates provide funding for Class I renewable energy projects in the State and that these dedicated funds begin with a minimum of $140MM. After the eighth year of the program, the NJ BPU was required to reassess the funding, and determine the amount of funding based on a number of variables, including the comprehensive resource analysis (CRA). The legislature agreed and Governor Christie Whitman signed the bill.

The goal of this funding was to jump-start a renewable energy economic sector and to provide incentives that would result in the installation of, particularly, solar energy projects New Jersey because of vast difference in pricing per kWhs between fossil fuel generated electricity and renewably generated electricity. At that time, there was less than 50 kW of photovoltaics (or solar electricity) in NJ. Ten years later, the program has succeeded and we now have over 140 MW installed. Although this amount is paltry compared to the vast needs of the state, it is a beginning to diversifying the electric supply and vastly changing the portfolios of the electric suppliers. A market has been created, and New Jersey now has a serious solar energy industry that is now the second best in the nation, although still far behind the European Community.

In 1999, when the EDECA was signed there were only two photovoltaic (PV) installers who were attempting to sell and install PV installations, today there are close to 250. Despite the many starts and stops of this the NJ Clean Energy Program it is working better than ever and is a more efficient machine than previously. However, the NJCEP has also needed many improvements, including offering stability, security, adequate staffing, novel research, commitment to growing a vast industry beyond their wildest dreams, long-term contracts, and openness to massive changes that will need to create a permanent and growing solar energy industry that includes photovoltaics, solar thermal, and other forms of solar energy. The staff of the NJCEP OCE has often had little resources, lots of political drama, and much tugging from other areas of government for the funds that it operates this renewable energy market with.

At the beginning of this program, the seven regulated utilities administered the clean energy funds. Administrative costs were found to be at 50% level for this administration, which primarily resulted in free advertising for the utilities. Hearings ensued under BPU President Jeanne M. Fox, and the NJ Clean Energy Program began along with the Clean Energy Council and Renewable Energy and Energy Efficiency Stakeholder Committees. MSEIA at that time was willing to accept a state-run program, but believed the best option would be an independent authority. The reason for this concern was primarily the one of protecting the ratepayer-funded Clean Energy Fund from being appropriated by the Legislature or the Governor's Office. There is significant precedent in New Jersey, once economic times are hard, or the Legislature is unable to fill budget gaps, or politically unwilling to, to then divert and appropriate the dedicated monies of numerous environmental funds.

MSEIA suggested to the NJBPU that a protected fund be created with SBC monies for clean energy and that those funds be placed in a private account that was not in Treasury. Hearings and research took place and the NJ Clean Energy Fund was placed in a private bank and operated out of the bank until an internal BPU lawsuit resulted in the closing of the account, a Treasury audit that resulting in the virtual shutting down of the NCJEP for over one year, and numerous changes that slowed the progress of renewable energy and energy efficiency programs. Subsequently, the NJ Clean Energy Program funds were transferred to Treasury within the BPU.

Ironically, the state does not pay for the operation or staffing of the BPU. Cutting staff or operations of the BPU does not save the taxpayers of NJ one cent. As the utilities fund the BPU, all the state can do is return these funds to the utilities. Consequently, BPU, being in, but not of, should not have its funding or the NJ Clean Energy funds diverted to the state treasury either.

One of the major impediments to the growth of solar energy has been the attempt to divert these rate-payer, societal benefit charge, utility-collected funds into the general treasury by the Governor's office. With all due respect to Governor Christie, this began with Governor Corzine last year when $30MM was diverted into the general treasury. MSEIA believed at that time, as we do today, that the transfer of these funds by the administration to close a budget gap is illegal, creates insecurity and instability in this nascent market, sends the wrong message for economic development stimulus, and in fact, is antithetical to it. These funds, if taken from the NJCEP Clean Energy Fund are ratepayer's funds that should be returned to the utilities and distributed back to ratepayers.

MSEIA urges that the BPU strongly suggest to the Governor to return the $158MM to the NJ Clean Energy Program to stimulate the economy in NJ. Cutting the rebate amounts and taking large chunks of available funding out of the renewable energy and energy efficiency programs will result in fewer clean energy jobs because there will be fewer solar installations, and simplistic economic theory tells us that distributors of electrical equipment, suppliers, and services that provide services and products to the industry all suffer.

We suggest this with the caveat that we do agree that cuts and efficiencies needs to be made to the program budget, (eliminate the conference and memberships, et al.) but to move more money into the renewable energy and energy efficiency programs for more EE and RE installations and retrofits. It is entirely inconsistent in a nation whose federal government is providing billions for energy efficiency and renewable energy stimulus measures to stimulate jobs and create a new renewable energy economic sector, continue on a path to significantly reduce fossil fuel generation of electricity and to make an impact on global warming gases for the State of New Jersey to move in the antithetical direction

To that end, MSEIA, on the behalf of its members, and in the behalf of creating new clean energy jobs for the people of New Jersey must take the action of filing a notice of appeal to the Appellate Division of the Superior Court of NJ to begin the litigation process of addressing whether the Governor, through Executive Order 14 can remove $158MM from the NJ Clean Energy Fund, and commingle those funds with state tax revenues for the purpose of paying for general state operations. MSEIA filed that notice of appeal in the Appellate Division yesterday through its counsel.

MSEIA respectfully requests that the President of the BPU, the BPU Board of Commissioners and NJ Clean Energy Program staff make the appeal that the $158MM should be returned to the 2010 budget, but that revisions are made to tighten the budget and additional funding be added to both the REIP program. Without the REIP program funds, small businesses, houses of worship, and homeowners in NJ will not have the ability to install photovoltaic systems or solar thermal, it is precisely this sector that Governor Christie, we believe is trying not to undermine, and we urge that it be recommended to the Governor for these funds to be restored for 2010 and that funds for 2011 and forward not be considered for state general operations purposes, and in fact, be increased.

Thank you for your consideration,

Dolores A. Phillips, M.P.H.
Executive Director

New Jersey Business & Industry Association

Celebrating a Century of Service to NJ Business

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Vice President
Health & Legal Affairs

March 24, 2010

TO: President Solomon, Commissioners Asselta, Fiordaliso, Fox and Randall

FR: Sara Bluhm, Assistant Vice President, Energy & Federal Affairs

RE: Clean Energy 2010 Budget Cuts

On behalf of the 22,000 members of the New Jersey Business & Industry Association (NJBIA), I would like to thank you for the opportunity to share our comments on the straw proposal.

In looking at the straw proposal, NJBIA recommends taking a comprehensive approach in how New Jersey spends ratepayer money. Currently, there are multiple funds that pay for similar projects. There is the Clean Energy Fund, Retail Margin Fund, utility programs and RGGI auction proceeds. Our major concern is that there is duplication between the Clean Energy Fund and what is covered by these other funds.

In New Jersey, the Commercial and Industrial Ratepayer consumes 64 percent of the electricity within our State and, therefore, contributes the largest portion of fees to the Clean Energy fund. The business ratepayer will not be able to benefit from energy efficiency programs funded by the Retail Margin fund ($128 million) due to the reallocation of the monies to the general fund this year. There have also been cuts to the Clean Energy Fund. NJBIA has accepted these changes as part of our shared pain during these tough fiscal times. However, the straw proposal has reductions that NJBIA cannot support because the BPU is still not funding projects for business ratepayers in a way that is proportional to the amount contributed to these funds by Commercial and Industrial consumers.

The Office of Clean Energy (OCE) has previously reported that for every dollar invested in commercial and industrial ratepayers there is an $11 return on investment compared to a $4 return on residential projects. With this in mind, it does not make sense that OCE would add $4 million to the Home Performance with Energy Star and cut funding from the Pay for Performance program. Overall, the residential program saw total cuts for all programs ($15.3 million) that were less than the cut experienced by C&I for the Pay for Performance Program ($17 million).

Pay for Performance has three benchmark tests in order to receive funds and is spread out over a minimum of one year. While still in its infancy, this fund which has a higher subscription rate as of 2/12/10 than several of the residential programs. The Residential HVAC, by contrast, has no commitments as of 2/22/10, yet it has receive and appropriation of nearly $15 million. If the State wants to see energy reductions, it would make sense to fund Pay for Performance to change the consumption of a building versus a house.

Additionally, the BPU has expressed support for the development of onsite generation around our State. President Solomon has sent encouraging statements that he is looking for money to replace the Retail Margin money designated for CHP projects. However, the OCE straw proposal eliminates $3.3 million from the CHP program. This money could have been used to pay for several of the Retail Margin CHP projects currently pending before the BPU.

NJBIA hopes that the BPU will rethink the reduction in rebate levels as well for the C&I sector. For the past several years we have advocated for higher levels since the business ratepayer contributes at sustainably higher rates than the residential ratepayers, delivers a higher return on investment and often has more expensive projects that demand higher rebate levels. We would encourage the BPU to rethink the reductions in rebate levels for the business ratepayer.

NJBIA does support some of the cuts made to the budgets, such as the Business Conference, TEACH, and Marketing. We would further suggest cuts to portions of the OCE administrative budget. The State should not be paying excessive fees to out-of-State organizations. The OCE seems to have budgeted over the years for above-and-beyond membership fees. For example the Northeast Energy Efficiency Partnership sponsorship of $500,000 could be reduced to the partner level for $5,000. It is ridiculous that we are wasting money that could be deployed on projects and jobs in-State as opposed to funding a think tank in Massachusetts. Also, the Consortium for Energy Efficiency charges $2,900 for State agencies but New Jersey pays over $125,000 to a Vermont think tank. Furthermore, it has not been effectively demonstrated to ratepayers what we are receiving for our sponsorships of these organizations. The evaluation and related research needs to be scaled back as well. OCE staff should be required to evaluate portions of the programs that are overseen by the Market managers as opposed to hiring outside groups. Several millions in cost savings could be realized in this area.

Within the Renewables budget, NJBIA also sees opportunities for cuts, such as Clean Power Choice. The program has failed to meet objectives or customer penetration. Additionally, offshore wind should be reduced before other areas. While NJBIA supports the private sector in exploring the options for off shore wind, New Jersey must put its ratepayer resources behind the on shore ratepayers. The $12 million allocated for off shore wind should be reappropriated towards renewables on land.

Another area that should be rethought is the money given to the Economic Development Authority (EDA). EDA should be green lighted to recruit and retain NJ clean energy developers/manufacturers. Over the last decade New Jersey has lost over 100,000 manufacturing jobs. We have the opportunity to capitalize on the green manufacturing and should put money into incubators as well as emerging technologies.

NJBIA looks forward to working with the Board in these tough economic times to find efficiencies and get the best bang for the ratepayer buck. The business community understands shared sacrifice, but also that the C&I ratepayer is the best place to target precious SBC dollars to lower our overall electric and gas demand.

ISLES E4, INC.
10 Wood Street
Trenton, NJ 08618

March 25, 2010

Lee A. Solomon, President
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: Docket No. EO07030203-Request for Comments on Revision to Previously Approved 2010 NJCEP Budget

Dear Commissioners and Staff:

Isles E4, Inc. provides residential weatherization services with a specific mission to serve New Jersey's economically disadvantaged while training and employing a workforce from that same population. We are herein submitting comments on the proposed revisions to the previously approved 2010 NJCEP budget.

Our comments are centered on three themes:

1. The Clean Energy Trust Fund is funded with ratepayer moneys that were specifically dedicated to energy efficiency and renewable energy programs for the benefit of those same ratepayers. Taking any monies from the Trust is contrary to the purpose of the enabling legislation and cannot be justified by the Board and Staff as in the best interest of the ratepayers. The assessment against ratepayers is particularly costly to those of limited means. We specifically contend that no monies should be diverted or even 'reserved' from their intended use. Alternatively, if budgets are to be reduced the monies should be refunded to the ratepayers. Diverting Trust monies is in essence a conversion of the SBC assessment into another excise tax. What assurance is there that future diversions will not further compromise the intended purpose of the ratepayers' assessments, or that the diversions will not increase to consume the assessments in their entirety?

2. The NJCEP is an excellent model of public policy being used to foster development of private industry and is particularly to be commended for its transparency and stakeholder-inclusive processes. Private industry relies on stability and reliability of markets in order to justify the hiring and training of its workforce and its up-front capital outlays. However, the NJCEP has historically been challenged in establishing well-balanced, stable incentive structures that can be relied on by private industry to be in place on a longer-term basis. The Board and Staff are urged to 1) give every assurance possible to its industry

partners that funding sources will remain sufficient to justify the inherent costs and risks, and 2) focus on stabilizing and fine-tuning programs so industry can in turn also focus on fine-tuning their businesses.

3. The proposed modifications are particularly prejudiced against the State's low-income population. Specifically, eliminating the 75% rebate level for income-eligible participants in the Home Performance with Energy Star Program, the elimination of HMFA EE Mortgages and the elimination of the HMFA Solar Loan Program will continue to exclude low-income ratepayers from fully benefitting from the EE and RE Programs that they have disproportionately financed through their utility bills.

Respectfully,

Scott Sillars
President
Isles E4, Inc.

Public Comments of Jim O'Reilly, Director of Public Policy
Northeast Energy Efficiency Partnerships (NEEP)
To the New Jersey Board of Public Utilities
Regarding Proposed Revisions to the New Jersey Clean Energy Program Budgets and Programs for 2010
March 25, 2010

President Solomon, Commissioners Fox, Fiordaliso, Asselta and Randall: thank you for the opportunity to provide input into the proposed revisions to the New Jersey Clean Energy Program budgets and programs for 2010.

NEEP is a regional nonprofit organization founded in 1996 whose mission is to promote the efficient use of energy in homes, buildings, and industry in New England, New York, and the Mid-Atlantic states through regionally coordinated programs and policies that increase the use of energy efficient products, services and practices, and help achieve a cleaner environment and a more reliable and affordable energy system.

As you are no doubt all aware, NEEP is also the organization that the BPU commissioned to deliver a report on strategies for employing energy efficiency to deliver on the state's 2020 Energy Master Plan goals. When we delivered that report to the Board one year ago this month, we were encouraged by the seeming commitments of the governor, the Board and the many stakeholders who recognized the value of energy efficiency to New Jersey's businesses, residents and future.

That encouragement has turned to dismay as we've witnessed the actions of Governor Christie to divert $158 million of the Clean Energy Program's budget to the general state budget.

While we are quite aware of, and sympathetic to, the state's budgetary plight, our comments in this proceeding will focus not on the revisions to the programs and budgets of the NJCEP, but on pointing out the irreparable harm to the state's economy, environment and energy system that will result from this short-sighted budget maneuver.

- The Clean Energy Programs are **paid for by New Jersey ratepayers** – residential and commercial – with the expressed intent of helping the state's energy consumers save money by installing energy savings measures in their homes and businesses. **These are not taxpayer dollars**. Diverting these moneys to the general state budget would amount to **an extra tax on the state's electric and gas customers.** The citizens of New Jersey need to understand that what is being asked of them is to shoulder **a significant new tax burden without any direct benefit**, as they would receive through participation in the Clean Energy Programs.

- **This maneuver will cost New Jersey jobs**. According to a study by the Pew Charitable Trusts, New Jersey ranks among the top 10 states nationally for jobs in the clean energy economy, clean technology venture capital funding and clean technology patents. Although the state's overall jobs rate fell between 1998 and 2007, New Jersey was poised to see a growth trend in the clean energy sector, thanks to policy commitments that would have increased the state's renewable energy goal from 22.5 percent to 30 percent by 2020, while also saving 20 percent of energy through efficiency over the same time period. But by gutting the Clean Energy Programs, New Jersey will lose those jobs that would have helped grow the state's economy. Instead, those jobs will migrate to New York, Massachusetts, Rhode Island, Maryland, Pennsylvania and Vermont – states that have not only set aggressive new energy savings goals, but have secured the funding for energy efficiency and clean energy programs that will require those jobs.

- **Diverting Clean Energy Program funding to the state's general budget will cost New Jersey taxpayers millions of dollars more**. The state's energy needs must be met one way or another. Decimating the budget of the Clean Energy Program will guarantee that the state will choose the more costly and polluting option for meeting its energy needs. As NEEP's report showed, achieving the goals of the state's Energy Master Plan would save New Jersey consumers $17 billion through energy efficiency improvements, and do so cost-effectively. In fact, the benefits of energy efficiency would exceed its costs by some 260 percent. Put another way, energy efficiency can meet the state's resource needs at rates between 3 and 5 cents per kilowatt hour, versus electricity supply, which can cost up to five times as much. Those savings improve the operating margins of the state's businesses, add disposable income to the pockets of its consumers, and help to grow the state's economy. Diverting the CEP funds to the state budget will have the opposite effect and end up costing New Jersey's citizens millions of dollars more.

- Energy efficiency and clean energy helped the state lower its peak demand by 9 percent in 2009 over 2008. By gutting the Clean Energy Programs, the **increased strain on the region's electricity grid** will affect more than just New Jersey, but every state in the PJM Interconnection, and could easily lead to higher energy prices due to the need for costly – and politically unpopular – new transmission infrastructure.

- The decision to divert the Clean Energy Program funds will cause **irreparable harm to the state's environment**. Since energy resource needs won't be met through energy efficiency, more generation will be required, meaning more harmful emissions of carbon dioxide, nitrogen oxide and sulfur dioxides, as well as other pollutants. This will also harm the state's ability to hit its cap that it committed to through the Regional Greenhouse Gas Initiative.

Because this decision is apparently being made on economic grounds, we would urge you to use all means at your disposal to convince the governor that this decision will most certainly have dire economic consequences.

NEEP is very able and willing to work with you in any way we can to ensure that a better energy future is secured for the people of New Jersey. We implore you to not accept this decision, but work to convince Governor Christie that economic growth, environmental protection and the future of the state depend on maintaining fully funded Clean Energy Programs. Thank you.

SUNPOWER

March 25, 2010

New Jersey Board of Public Utilities
Office of Clean Energy
oce@bpu.state.nj.us

Re: Comments on Revisions to Previously Approved NJCEP Programs and Budgets for 2010

Dear OCE,

Thank you for the opportunity to provide comments on the Straw Proposal of budget revisions to the 2010 NJCEP programs. We understand that in light of Executive Order 14, the OCE must make some difficult decisions that will significantly reduce program budgets by $158 M. Please consider our comments as you work to determine the most effective spend for the remaining 2010 budget.

The Straw Proposal indicates that the OCE has proposed an increase to the HPwES budget due to the considerable program growth in the last few months. If REIP eliminates the requirement to participate in HPwES for residents, there will be a significant decrease in demand for HPwES funds. Please consider this potential decreased need for HPwES funds when reallocating residential EE program budgets.

SB 2265, the Residential Development Solar Energy Systems Act was signed into law on March 31, 2009. This law requires home builders to offer solar as an option in communities of 25 or more homes. This law will likely apply mainly to production builders (builders that are active in the 'SF' and 'multiple SF' program categories). Builders are preparing to respond to this mandate, and are considering the integration of EE with solar in their preparation. As a result, the past few months of RNC activity may not be a good indicator of the RNC volume for the remainder of 2010. We request that you reconsider the extent of the reduction to the program budget for RNC, as well as the reduction in the Tier 1 SF incentives.

The proposed budget reduction for the Residential New Construction Program is $10.4 M, which amounts to a 32% decrease in program funds from the original allocation to RNC of $32.3 M. The Straw Proposal indicates that one of the principles the OCE used to develop its proposed budget is to "Minimize changes to "whole building" programs." (#6) The RNC Program is a whole building program, yet the budget for RNC was reduced more than the other two large residential program budgets *(26% reduction for HVAC and 6% reduction for EE Products)*.

In summary, we ask that the OCE consider reducing the proposed impact to RNC.

Thanks in advance for your consideration.

Stacia Okura
New Homes Division
SunPower Corporation
1414 Harbour Way South
Richmond, CA 94804
510-260-8487

pro-tech energy solutions LLC

March 25, 2010

President Lee Solomon
New Jersey Board of Public Utilities
Two Gateway Plaza
Newark, NJ 07102

Re: Comments re Office of Clean Energy Straw Proposal in Response to EO14

Dear President Solomon,

Thank you for presiding over this afternoon's proceedings. Your kind attention, and that of your fellow commissioners, provided a most positive forum for a wide variety of disparate voices to be heard – all in favor of maintaining our valuable Clean Energy Program.

Pro-Tech Energy Solutions is a turnkey contractor working in both the Energy Efficiency and Renewable Energy arenas. Our focus is to help our customers reduce the energy that they consume to the maximum practical extent, and then to try to "zero them out" with distributed renewable energy.

The men and women who spoke today have generally elucidated the challenges of today's economy and the benefits to the State of the Clean Energy Program. I would like to highlight what we believe are the key areas of testimony presented today:

1) We generally support Governor Christie in his efforts to bring the State's budget in line. All budget reconciling processes are painful in various sectors, if not across the board. However, the money used to fund the Clean Energy Program has been collected via the Societal Benefits Charge. This is <u>post-tax</u> money and in our understanding of the rules should not be subject to confiscation regardless of the validity of the purpose.

2) We feel compelled to reiterate the value to the State and its ratepayers of energy efficiency and distributed renewable energy. Our transmission infrastructure is overburdened, creating additional implied costs to the state and its ratepayers. Greater efficiency of energy usage through well-conceived policy brings benefits greater than the sum of its parts. Likewise, emphasis on distributed generation is an extremely productive approach to securing and sustaining our electric distribution system.

pro-tech energy solutions LLC

3) The various components of the Clean Energy Program are, in general, very well conceived and very well subscribed. Despite their high degree of success there has been an ongoing concern that the single largest obstacle to continued success is the risk of regulatory uncertainty. The Clean Energy Program has worked tirelessly to maintain an environment where this risk has been minimized. However, the mid-year cuts proposed by the Clean Energy Program in response to Executive Order 14, introduces the potential of regulatory risk. The fallout of this risk is likely to reverberate over a long period of time as “the smart money” retreats.

4) Not to be minimized is the recognition that New Jersey was able to attract substantial ARRA funding because the leaders of the Clean Energy Program tied that money to existing programs, thus demonstrating the “shovel readiness” of these Federally funded projects for the benefit of New Jersey. However, the flow of that Federal money is tied to maintenance of the Clean Energy Programs. By trimming those programs we risk the “double whammy” of losing Federal funds while cutting back effective State programs.

Even as we support the overall efforts of budget reconciliation, we ask that the gap not be closed with post-tax money that has been statutorily dedicated to these specific and constructive Clean Energy purposes.

Thank you for your consideration.

Tom Ryan
PRO-TECH ENERGY SOLUTIONS

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3/25/2010

State of New Jersey
Board of Public Utilities
Two Gateway Center Newark, NJ 07102

Re: Docket No: EO07030203
Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for 2009-2010

To Whom It May Concern:

New Jersey's Clean Energy Programs have been pursued on the basis of comprehensive building energy efficiency. These programs have made it possible for many New Jersey businesses to improve the efficiency of their facilities thereby reducing their operating costs and increasing their profitability, while at the same time acting in an environmentally friendly manner.

It is realized that due to the recent budget cuts that affected the NJ Clean Energy Programs, that there are changes that need to be made to keep the programs available to businesses. However, most notable, the changes proposed to the NJ Direct Install Program are not beneficial to business owners, their contractors, the environment or the NJ Clean Energy Program. The proposed project cap of $40,000 disallows commercial businesses to take a comprehensive look at the efficiency of their buildings and implement measures to increase efficiency that they ordinarily would be unable to pursue. The proposed project cap conflicts with the purpose of the program; to provide small to medium sized businesses with a comprehensive energy efficiency solution.

It is suggested that if a project cap is to be instituted that a cap of $100,000 (the same cap proposed for governmental entities) be used in lieu of the proposed $40,000 cap. This project cap will allow the majority of New Jersey businesses to take full advantage of the program and implement efficiency improvements. I strongly urge the BPU to consider a $100,000 project cap for all entities under the NJ Direct Install Program.

Sincerely,

Matthew F. Zanzalari
Energy Services Program Administrator
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March 26, 2010

Mr. Lee Solomon
President
Board of Public Utilities of New Jersey
Two Gateway Center
Newark, New Jersey 07102

Re: Public Comment on the Revisions to the New Jersey Clean Energy Programs (NJCEP) and Budgets for 2010

Dear Mr. Solomon,

ENERActive Solutions would like to thank you and the commissioners of the Board for holding the open public meeting on Thursday March 25 regarding the proposed revisions to the New Jersey Clean Energy Program (NJCEP), and the budgets for 2010. We at ENERActive Solutions would like to support the effort to maximize funding for the NJCEP, specifically for the Pay For Performance (P4P) program. The P4P program is currently generating a lot of interest in the commercial markets and is already proving to have a positive impact on the New Jersey economy.

ENERActive Solutions is an energy services and consulting company and an approved P4P Partner for both existing and new construction. We are in the process of implementing four of the five approved P4P projects, and are currently working on the crafting of nine more (P4P) proposals. Our company cares for commercial and industrial clients by providing services ranging from multi-grade energy audits, retro-commissioning, energy modeling, construction management of energy projects, and new construction commissioning. We have seen tremendous growth in business, particularly in the energy audit and retro-commissioning markets, due largely to the NJCEP P4P Program. In our experience, the P4P program has seemingly taken the clients who are skeptical of the value of an energy audits and energy conservation related projects and brought them to our door step as an approved partner of the program. The program has not only brought jobs that have helped to grow our company (from four employees in 2006 to fourteen in 2010) but it has also created numerous jobs in related energy construction projects for other NJ companies.

The P4P program provides stimulation to the NJ construction community through the implementation of the related P4P program's energy construction projects. These projects include: lighting upgrades, direct digital control system installations and upgrades, chiller replacements, building insulation installation, HVAC energy recovery systems and much more. The end result of these energy reduction projects is an energy expenditure savings for the end user. The four projects ENERActive Solutions is currently implementing combine for an annual energy savings of over seven million kilowatt hours. This is equivalent to a year's worth of electricity for roughly a thousand homes and saving almost sixteen thousand barrels of oil. This is a tremendous savings in annual energy costs and is cash flow that an owner can use elsewhere to stimulate additional local business.

The P4P program is in its infancy having begun in 2009. This program has generated such a positive impact since its inception by creating numerous opportunities in the C&I marketplace while at the same time positioning itself to be the primary contributor towards achieving the goals of New Jersey's Energy Master

Plan. Cutting the P4P budget at this time will diminish the potential impact that the program is poised to create. Having the first four approved P4P projects, as well as having a plethora of interest and proposals in the current market place, is a testament to both ENERActive Solutions' business commitment to being a valuable partner in the (P4P) Program and to the economic success of other NJ companies leveraging the benefits of the program. As an energy consulting and engineering company, we are often the primary source of energy related news and market conditions for our clients and potential customers. We have put forth a tremendous effort not only in the staffing and training of our company to efficiently become an approved P4P Partner, but we have also consistently sold this program to both our existing and potential customers. In a fragile economic climate such as this, it is our opinion that delivering the negative news of slashing funds from the P4P Program, or of the NJCEP funds in general, could disrupt the positive economic momentum that has been generated by the Office of Clean Energy. It is our hope that the already proven success of the P4P Program can provide an undeniable need to maximize its funding in the revised 2010 budget.

In closing, ENERActive Solutions looks forward to further participating in this open forum process and is happy to offer any additional information and services that might be of value to the Board for its use in this matter.

Please feel free to contact us at the above referenced number any time if you have any questions

Sincerely,

Thomas P. Szarawarski JR

Thomas P. Szarawarski Jr., PE, CEM, LEED AP
Energy Project Manager
ENERActive Solutions

Cc: Dan Weeden – President of ENERActive Solutions
Dave Klockner – Vice President of ENERActive Solutions