

NEW JERSEY

MADRI UPDATE

Energy Master Plan (EMP) Process

- October 2006, Governor Corzine launched the development of a comprehensive EMP
- To provide an affordable, reliable, and environmentally sound energy future
- Goals –
 - Reduction of projected energy use 20% by 2020
 - Supply 22% of state's electricity needs from renewable resources by 2020

EMP Process (continued)

- A year-long, interagency planning process with significant stakeholder input
- A series of town hall meetings
- One of the most aggressive energy plans in the nation
- The EMP will forecast and address NJ's energy needs through 2020
- EMP release date -- October 2007

Clean Energy Programs

- Since 2001, NJ's Clean Energy Programs have reduced electric demand by over 450 MWs
- The programs focus on energy savings and renewable energy generation
- The Customer Onsite Renewable Energy Program (CORE) has resulted in 41MWs of Class I renewable generation

CORE Program

- \$152.5 million incentive funding, thus far
- 36 MWs from solar generation
- A 300% solar growth rate/year over past three years
- An additional 5MWs from 6 wind & 6 biomass facilities (under 1MW each)

Renewable Energy Project Grants and Financing

- For projects greater than 1 MW
- An additional \$9 million for 26MWs
- 1 wind, 1 bio gas and 3 landfill gas projects

COMBINED HEAT & POWER Program (CHP)

- Since 2004, the CHP Program has awarded over \$10.5 million for equipment installations
- An additional \$7 million has been recommended
- CHP program increases EE, reduces peak demand, and encourages use of new technologies
- Incentives are capped at \$1 million/project
- Approximately 25 total awards, thus far

myPower Pilot

- PSE&G initiative for residential and small commercial customers
- Objective -- to understand how price signals can influence consumers' energy use
- Test consumers' reaction when electricity costs are high & demand is great
- Technology allows consumers greater control
- The pilot duration is 18 months (2 summers)

MyPower Pilot (continued)

- Originally five segments:
 - myPower Link - utility-activated load management
 - Control Group – electric interval meters only
 - myPower Sense – TOU/CPP rates, educate only
 - myPower Connection – TOU/CPP rates, technology-enabled
 - myPower Manager – Day Ahead Hourly, technology-enabled

myPower Pilot

- Final results will be available in Fall 2007
- Preliminary results show commercial customers over-ride at a much higher rate than residential customers
- Decreasing duty cycle has lower impact on over-rides, than expected
- Customers want an “easy to use and understand” thermostat
- Experience matters – less over-riding in second year

CONSERVATION INCENTIVE PROGRAM (CIP)

- **For gas utilities –NJ Natural Gas & South Jersey Gas (Approved 12/12/06)**
- **A 3-year utility incentive-based pilot**
- **Requires utilities to reduce costs & limits cost recovery to revenue loss from program implementation**
- **Conservation programs to aid customers in reducing natural gas costs**
- **Reduction in each utility's winter peak day system demand**
- **Customers' rates will not increase due to non-weather related margin revenue loss by utilities**
-

Air Conditioner Cycling Programs

- Board-ordered utility filings by March 2007 to improve & expand legacy programs
- A joint utility-issued RFP to hire a consultant to:
 - Assess technology & operations design
 - Develop cost-effectiveness methodology
 - Recommend strategies for infrastructure upgrade or replacement & new program design
- Begin implementation for summer 2007

C&I Load Management Program

- Board approved for large C&I customers
- \$6 million over 3-year period
- Supported by Retail Margin Charge collected from C&I customer class
- Assist customer participation in PJM DR programs & market opportunities
- Beginning summer 2007 (expected)

