



November 30,2011

To NJ RE and Small Wind Stakeholders:

We wanted to update you on our progress in developing program design changes for the 2012 Small Wind Rebate Program in the NJCEP. Based upon the comments received on the straw proposal circulated, Staff does not feel the proposed changes adequately protect public safety to enable reopening the small wind rebate program to new rebate commitments and rebate application processing. The proposed program changes for the small wind systems will not be included in Honeywell's 2012 Compliance Filing for Renewable Energy Programs that is expected to be presented to the BPU for approval on December 14, 2011. We are continuing the temporary hold on new application processing and rebate commitments in the NJCEP Renewable Energy Incentive Program (REIP) for wind systems.

Staff and the Market Managers will continue to research the consumer protections existing in other state wind incentive programs and utilize recommendations from the NREL forensic study on the two turbine failures in NJ expected in early January to develop a revised straw proposal and reconvene the NJ Small Wind Working Group in January.

During this time, staff is requesting public comments focused only on consumer protection particularly the protection of public safety and the mitigation of risk from inconsistent warranty coverage. The specific concern we are looking to address is what can be added to the program requirements that will

- ∅ ensure that all safeguards to public health and safety have been utilized, and
- ∅ protect a consumer if they purchase and install a wind system that subsequently experiences a major failure not covered by warranty.

We would like to hear from all stakeholders, including customers, prospects, installers and manufacturers. We would like to know if manufacturers have offered or would be willing to offer a refund and removal of a defective system? If so, under what conditions? Feel free to share this request with your legal or insurance representatives in search of any potential insurance protection package that may serve that function. A public comment period for suggestions limited to the topic of additional consumer protection is open until Friday, December 16, 2011. Please send comments in writing to: publiccommentswind@njcleanenergy.com.

The NREL study is expected to be completed by the end of January. Once the study's results and recommendations are available, we will reconvene the SWWG to discuss them, as well as changes to the draft program revisions and any additional public comments received on consumer protection. Please feel free to call me with any comments or questions, but your most valuable insights will be provided in written form to the address and by the deadline specified above.

Thank you.

B. Scott Hunter
Renewable Energy Program Administrator
Office of Clean Energy/ Board of Public Utilities