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**COMMENTS ON THE CLEAN ENERGY FUND
TESTIMONY OF
SCOTT SKLAR
BEFORE THE
New Jersey Board of Public Utilities
MAY 23, 2002**

Thank you, Madam President and Members of the Board.

My name is Scott Sklar. I am President of The Stella Group, Ltd. which is a strategic marketing and policy analysis firm on distributed generation which includes advanced batteries and controls, energy efficiency, fuel cells, heat engines, microgeneration, modular biomass, photovoltaics, solar thermal, and wind energy. My clients range from several leading national firms in **interconnection equipment, fuel cells, photovoltaics, waste heating engines, modular biomass and concentrated solar power, as well as to State government (including clean energy funds) and foundations.**

I come to you with over 25 years in energy from 9 years as an aide in the U.S. Senate, 3 years at a federally-funded applied energy laboratory, 15 years in running the national trade associations concurrently for the solar and biomass power industries, and 2 years running this strategic consulting firm. Aside from coauthoring two energy books with the Consumer Guide to Solar Energy going into its 3rd printing in 2002, I live in a passive solar home with high value energy efficiency fixtures and appliances and which has solar water heating and photovoltaics.

I do want to thank the Board for having these public hearings - this issue is just too important to the future of New Jersey not to open it to a broad range of public players. How the program gets implemented is critical to its effectiveness and value to the ratepayers.

An effective Fund will enhance use of a wide range of technologies offering consumers options while lessening burdens on the electric and gas delivery systems, which will save rate payer money and increase reliability.

I would like to focus on some of the key issues.

1. The clean energy fund should be run by an independent statewide administrator I also believe that the utilities running this program is an inherent conflict of interest. Utilities could have an advisory input function, as long as it is advisory and transparent for the Board of an independent entity.

2. The SBC money be placed in a trust fund. It is the only way the public can be assured we can count on the money being there for the purpose it was intended.

3. Fuel cell and heat engine development should be supported with priority to those systems powered by a renewable energy sources.

4. Recommendations offered by industry to align BPU regulations with the goals of the program are critical. They have already run into a few issues that threaten further installations. Net metering should be increased to 1 MW.

A few examples:

* Net Metering - a 100 kW cap net metering law is now in New Jersey, yet when a solar company tried to net meter Kearny High School's 54 kW system, PSE&G claimed it does not qualify because the school does not have a small commercial rate structure. This is clearly not the intent of the law. Any ambiguous language that can be misrepresented needs to have common sense clarifications.

* Interconnection agreements - should be simple and standard - written to support PV installations, not hinder them. The State of Texas provides a simple form over the internet. In all cases, a fast-track complaint process needs to be instituted with problems listed publicly and acted upon quickly. In those States where there is public disclosure and enforcement, interconnection is going on quickly, smoothly and safely. And in those states where language is ambiguous, the interconnection process is no faster than before net metering laws were instituted.

5. The BPU should find mechanisms for valuing the peak load reduction properties of DG and the environmental and health benefits of zero emissions electricity. A “super-net metering” approach should be explored. You have already had a submission for the record the JBS Energy study that clearly shows how in today’s method of bidding into the PJM power pool, ratepayers rates are REDUCED with investments in energy efficiency and PV.

In summary, the State of New Jersey needs an independent and transparent process so that consumers can access zero-emission and low-emission distributed energy applications by creating a more effective and efficient Clean Energy Program. Thank you.

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