



Strategic Plan and Proposed FY18 Program Changes

EE Committee Meeting
April 11, 2017

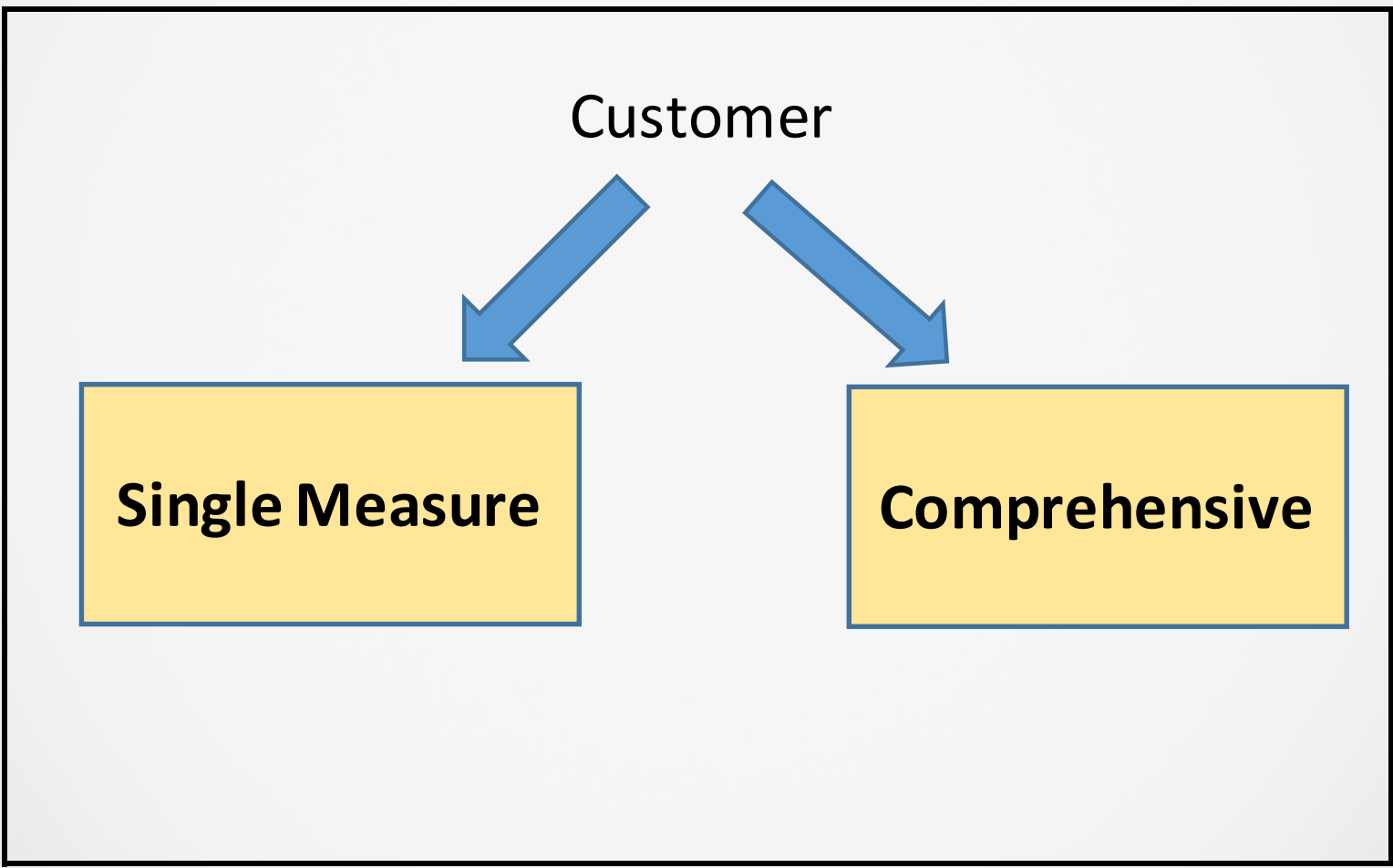
Presented by TRC Team

Themes from Strategic Plan Stakeholder Process

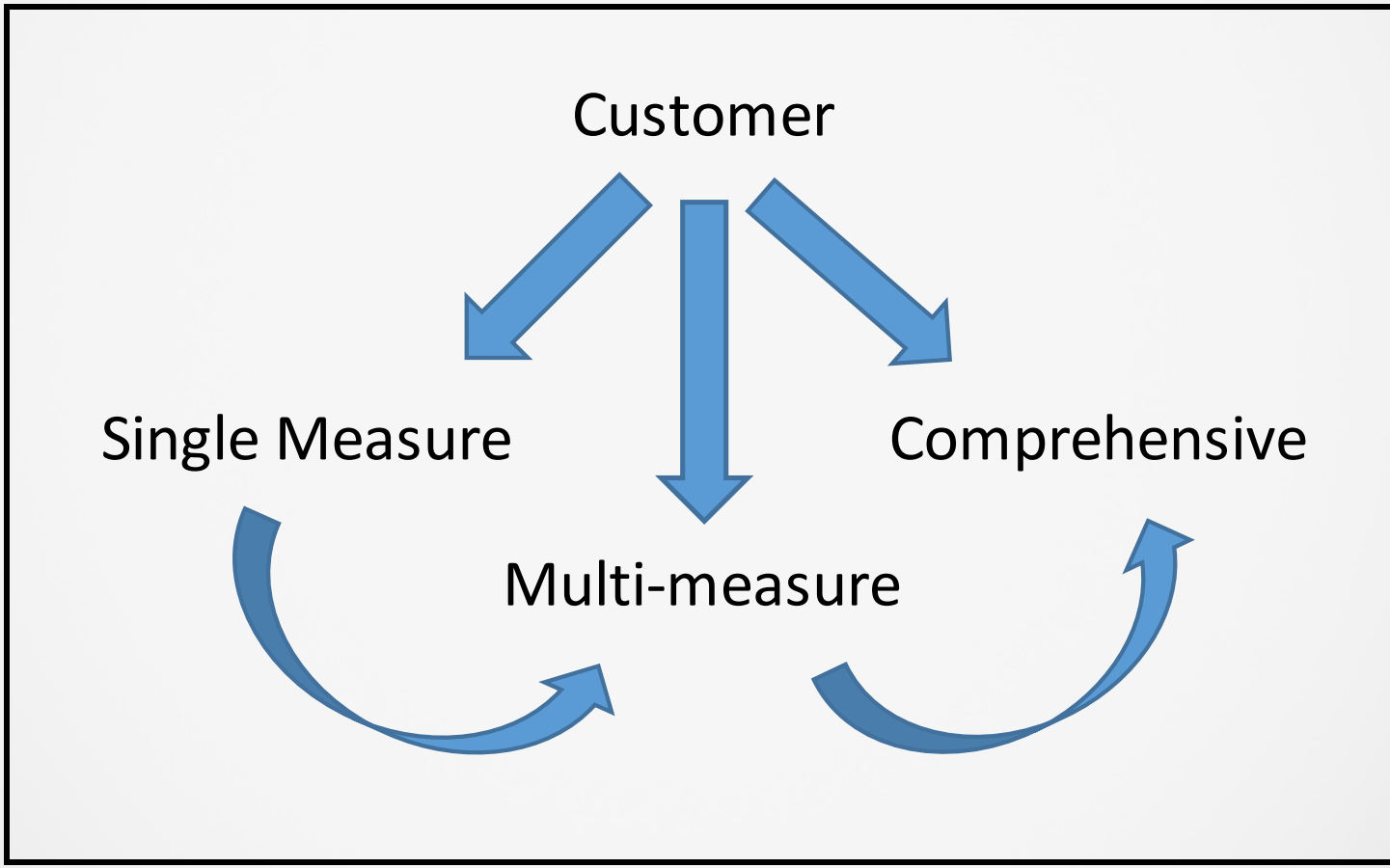


- Make it easier to participate
- Provide more options— not just basic and comprehensive
- Meet the customer's needs instead of pushing them into limited options that may or may not work
- Be faster
- Outreach is critical to new approach
- Provide Marketing
- Program predictability matters - Plan transitions to minimize market disruptions

Perception of Current Programs



Proposed Approach





Rubric – FY17 Program Scores

Illustrative Example: PY17 Program Scores							
Program	Rubric Metrics and Scores						
	NJCEP \$ per Lifetime MMBtu Saved	Lifetime Peak kW Saved per NJCEP \$	Significantly Enhances Equitable Access	Promotes Long-Term Market Transformation	Environmental Benefit per NJCEP \$	Addresses Lost Opportunity Markets	
EE C&I EB	\$1.19	+++	+	+	+++	++	
EE C&I LEUP	\$1.35	+++			+++		
EE Res Products	\$1.96	++	+++	+	++	+	
EE C&I NC	\$1.97	++		++	++	++	
EE C&I P4P EB	\$1.98	++		+++	++	++	
EE Res HVAC	\$2.36	+	+	+	++	++	
EE C&I P4P NC	\$2.96	+++		+++	+	++	
EE Res RNC	\$3.29	++		++	+	+++	
DER CHP/Fuel Cell	\$3.77	++		+	++		
EE C&I DI	\$4.10	++	+++		+		
EE Res HPwES	\$7.84	+		+++	+		
EE Res Low Income	\$26.07	+	+++		+		
EE C&I LGEA	?	?	+++	+	?		

Notes:

- These are based on best current information regarding expected expenditures (i.e. budgets excluding rebates set aside for expected new commitments) and related savings for FY17.
- Savings and/or budgets for FY17 programs upon which "scores" above are based should be viewed as illustrative, as there are some refinements that could probably still be made. A more definitive set of values will be used when assessing any future programs.

SP Impact on FY18 Program Changes



- Modest adjustments to programs and budgets since SP not yet adopted by BPU
- Majority of program changes will come in FY19-20
- Most proposed changes put programs on track to transition as outlined in SP
- Budget reflects increasing percentages of funds going to some of the highest performing programs (using NJCEP evaluation rubric)
- Rubric will help inform future program designs and budgets

SP Themes & FY18 Program Changes



	<u>Program Consolidation</u>	<u>Addresses Gaps</u>	<u>Clearer Pathways</u>	<u>Increased Outreach</u>	<u>Increased Support for Implementation over Time</u>	<u>Simplified Processes</u>	<u>Promote Emerging Technologies</u>	<u>Support Partner / Contractor Business Growth</u>
RAC / Dehumidifier Recycling		X		X				
HPwES, HVAC, RNC, C&I Rebates, LEUP, P4P EB & NC: Streamlined application process:						X		
HPwES: New incentives for envelope measures	X	X						X
HPwES: New DI component	X	X						
HPwES & HVAC: Outreach to remodelers and increased outreach to contractors				X				X
HVAC: New incentive tiers		X					X	
RNC: Emphasize pre-drywall inspections				X				X
MFH Consolidation / Upgrade	X	X	X			X		X

SP Themes & FY18 Program Changes (Cont'd)



	<u>Program Consolidation</u>	<u>Addresses Gaps</u>	<u>Clearer Pathways</u>	<u>Increased Outreach</u>	<u>Increased Support for Implementation over Time</u>	<u>Simplified Processes</u>	<u>Promote Emerging Technologies</u>	<u>Support Partner / Contractor Business Growth</u>
C&I Rebates: Incentive revisions		X					X	
LGEA: New types of audits		X				X		
DI: Increased cap and additional peak demand flexibility		X						
P4P EB: Increased incentives		X			X		X	
P4P EB: New ability to pro rate (rather than deny) Incentive #3 if performance data shows underperformance		X					X	
CHP (Class I renewable fuels): Relaxed requirements and increased incentives		X					X	
CHP (Critical Facilities): Relaxed payback requirement; new blackstart requirement							X	
RES: New reporting requirements							X	
RES: Increased incentives							X	
RES: Increased time for installation						X	X	



Residential Programs Overview

- Integrate current *WARM/COOL* Advantage and HPwES into a unified Residential Retrofit Program
- Move the Residential New Construction market toward Net Zero Energy Homes (ZERH)
- Focus on maximizing savings per incentive dollar spent
 - Gradually reduce the overall incentive levels
 - Increase overall savings by increasing participation in various pathways
- Simplify incentive structures and paperwork requirements
- Provide contractors with a pathway to business growth
- Even greater focus on enhanced outreach, customer education, and marketing/coop advertisement

HVAC & Home Performance

FY18 (HVAC):

- Consider adding incentive tiers for air conditioners and cold climate mini split heat pumps to increase *COOL*Advantage Program participation.
- Continue to include Geothermal Heat Pump and Solar Water Heaters as eligible measures as part of HPwES comprehensive projects, but no longer as stand-alone HVAC prescriptive measures
- Transition from paper to online applications

FY18 (HPwES):

- Reduce required paperwork (e.g., audit report)
- Pilot DI measure packages (LEDs, water measures)
- Pilot prescriptive measures (air sealing & insulation)
- Enhanced outreach to remodeling trades (NJIT)



Residential Retrofit Program

Strategic Path

- Prescriptive and performance paths
- Contractors operate with flexibility and within their “sweet spot” at their level of expertise and business plan
- Participation increases with measure bundling
- Tiered technical requirements with escalating incentives up to full comprehensive projects by BPI GoldStar contractors
- Research potential for “Low to Moderate Income” sector as target for participation

Residential New Construction

FY18

- Eliminate requirement to submit Construction Documents
- Change the 60/60 pre-drywall requirement to 120 days
- Emphasize pre-drywall inspections

Strategic Path

- Marketing for ENERGY STAR® labeled homes and NJ incentives
- Transform the market to “net zero-energy”
- Incentives for ZERH to cover additional rater fees
- Simplify incentive structure and adjust for RESNET changes

Retail Lighting

FY18

- Adjust incentives where price points decline

Strategic Path

- Considerable uncertainty in the market
- Watch federal regulations and industry trends closely
- Continue promotion of product types where less costly options could undermine efficient purchases



Appliance Recycling Turn-In Events

FY18

- Targets room air conditioners and dehumidifiers so customers with smaller units can participate without recycling a primary refrigerator or freezer
- Events will be set up through local partnerships
- Customers will drop off units at the site and receive a rebate by mail

Strategic Path

- Reduces cost for recycling smaller units
- Partnering with local retailers/organizations



C&I Long Term Goals

- Customer Focused Approach through Outreach
- Early Account Manager/Case Manager coordination
- Determine customer goals before deciding on program path
- Some form of building assessment in tiers 2 & 3
- Tiered Path vs individual programs (SS, P4P) for EE:

TIER	NEW CONSTRUCTION	EXISTING BUILDING
0/Building evaluation		Benchmarking/LGEA
1	Single Measure/ Prescriptive	Single Measure/ Prescriptive
2	Multi-Measure/Systems	Multi-Measure/Systems
3	Whole Building/Comprehensive	Whole Building/Comprehensive

- Retain DI program and possibly LEUP



NJ SmartStart Buildings

FY18

- Redesign applications and correspondence documents
 - Improve customer experience and usability
 - Provide streamlined format for multiple site submissions
- Review and revise existing incentive levels as appropriate
- Make a series of adjustments to eligibility criteria (e.g., allow T12 lighting to be replaced with LEDs)

Strategic Path

- Define prescriptive incentives as Tier 1 offering
- Implement revised Custom path as part of Tier 2 offering
- Not limited to unique/new technologies
- Utilize lessons learned from Customer Tailored Pilot

Large Energy Users Pilot

FY18

- Review effectiveness of mid-FY17 program changes
- Add requirement for kickoff/scoping meeting after enrollment

Strategic Path

- Evaluate maintaining program outside of Tier platform
- Further define and tailor offering to large customers

Direct Install

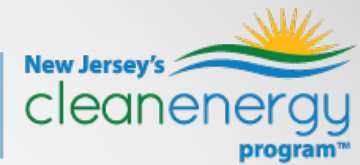
FY18

- Increase the entity cap for DI projects participating in cooperation with ESIP
- Add flexibility regarding current maximum kW demand eligibility requirement

Strategic Path

- Continue to investigate a state-wide financing solution to address the customer cost share for DI projects
- Conduct a DI Stakeholders meeting to investigate alternative DI program delivery models
- Investigate incorporating DI into tiered approach

Pay for Performance Existing Buildings



FY18

- Increase Incentive #1 amount and lower LGEA reductions
- ICP Path Incentive #1 bonus cap increases from \$15k to \$25k
- Considering modifying maximum lighting savings requirement
- Moving from absolute threshold to pro-rated approach for cases in which actual/reported savings below 15% when calculating Incentive #3
- Kickoff/scoping meetings shortly after application receipt

Strategic Path

- Align P4P EB as Tier 3 path



Pay for Performance New Construction

FY18

- No major changes recommended (program re-designed in FY17)
- Similar administrative/procedural changes as P4P EB

Strategic Path

- Align P4P NC as Tier 3 path

Local Government Energy Audit

FY18

- Provide several types of audits in addition to the standard ASHRAE Level II Audits currently offered:
 - ASHRAE Level I Audits
 - Add-on scope audits (e.g., a more detailed review of an existing or potential CHP or renewable energy system)

Strategic Path

- Consider adding a program metric, perhaps based on projected savings and/or % of savings realized via participation in other NJCEP incentive programs
- Open audit up to more sectors, with a 50/50 cost sharing option for those sectors

Combined Heat and Power

FY18

- Systems fueled by Class 1 renewable source
 - 30% bonus incentive (pro-rated if mixed fuel)
 - Replace 10-year with 25-year payback requirement
 - Size limited by capacity of fuel production, not on-site demand
- Systems serving Critical Facilities
 - Require Blackstart capability
 - Replace 10-year with 20-year payback requirement

Strategic Path

- Changes post FY18 steered by RULESS CHP/FC Study

Renewable Electric Storage

FY18

- Require quarterly post-installation performance reporting
- Split incentive payments: 80% upon installation, 20% upon reporting
- Increase incentive maximums and add new multiplier:
 - Increase the Project maximum to \$500,000
 - Increase the Ownership Entity maximum to \$2,000,000
 - Electric Storage systems with a capacity larger than 1 MWh would receive an additional 20%

Strategic Path

- Changes post FY18 steered by RULESS RES Study

Training and Outreach

FY18

- NJIT Plan under NJCELC - training/educational tools
- Provide additional training/tech support to trade allies
- Develop customer/contractor specific training content
- Program/sector driven outreach strategies
- Residential Customer Journey

Strategic Path

- We will need marketing, in addition to outreach, to promote the new tiered program approach and new program offerings

Multifamily Program

Highlights of Program Design Proposal

- Single point of entry regardless of building type (EB and NC), rather than individual offerings (8 separate program options)
- Improve access to segments of MF housing that did not fit into other programs
- Streamline program administration, avoid confusion
- Increase participation and maximize savings per dollar spent
- Tiered approach to meet customers' needs
- Unit based incentives
- Use Partner network

Multifamily Program

Key Elements of Proposal

- Define MF as having 5 or more tenant housing units and a single owner or management entity
- After transition, MF customers will not be permitted to use other programs
- Multiple paths to meet customers' needs
- Utilize outreach to pro-actively market with particular attention to affordable housing

Multifamily Program

Key Details of Proposal

- Comprehensive/whole building approach as well as prescriptive paths offered
- Will utilize pre-approved energy services companies to deliver Program (build on existing partner networks through P4P, HPwES and RNC raters/builders)
- Eligible measures consistent with existing programs
- Recognize federal programs through DOE, EPA
- Exploring option of no cost walk through to identify savings opportunities

Multifamily Program

Key Details of Proposal

- Incentive levels for **whole-building** tier comparable to existing programs (P4P, HPwES)
- Savings modeled on a whole building basis but based on number of units. Incentives on per-unit basis
- Considering option of incentive to defray cost of more detailed energy assessments
- Additional optional incentive bonus for verification of savings/performance

Multifamily Program

Key Details of Proposal

- Incentive levels for **prescriptive tier** comparable to existing programs (SS, *WARM/COOL*Advantage)
- List of prescriptive incentive expanded to reflect common MF measures beyond lighting such as appliances, low flow fixtures
- Savings thresholds for NC and EB will differ
- Alternative incentive structure for other types of MF such as shelters, dormitories, independent living facilities
- Modified incentives for affordable housing defined by income eligibility requirements

Multifamily Program

Next Steps

- General summary of program design in FY18 Filing
- Will host stakeholder meetings to collect feedback on program design
- Finalize program details for BPU approval
- Launch Program with transition period