



State of New Jersey  
DIVISION OF RATE COUNSEL  
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NEWARK, NEW JERSEY 07101

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

STEFANIE A. BRAND  
*Director*

September 12, 2011

**Via Overnight Delivery and Electronic Mail**

Honorable Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

**Re: In the Matter of Comprehensive Energy Efficiency and Renewable  
Energy Resource Analysis for 2009-2012 Clean Energy Program: 2011  
Programs and Budgets: Compliance Filings Proposed Extension of  
Promotional Incentive Increases (HPwES)  
BPU Docket Nos. EO07030203 and EO10110865**

Dear Secretary Izzo:

Enclosed please find an original and ten copies of comments submitted on behalf of the New Jersey Division of Rate Counsel in connection with the above-captioned matters. Copies of the comments are being provided to all parties by electronic mail and hard copies will be provided upon request to our office.


We are enclosing one additional copy of the comments. Please stamp and date the extra copy as "filed" and return it in our self-addressed stamped envelope.

Honorable Kristi Izzo, Secretary  
September 12, 2011  
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Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND  
Director, Division of Rate Counsel

By:   
Felicia Thomas-Friel, Esq.  
Deputy Rate Counsel

c: [publiccomment@nicleanenergy.com](mailto:publiccomment@nicleanenergy.com)  
[OCE@bpu.state.nj.us](mailto:OCE@bpu.state.nj.us)  
Mike Winka, BPU  
Mona Mosser, BPU  
Benjamin Hunter, BPU  
Anne Marie McShea, BPU  
EE Committee Listserv

**In the Matter of Comprehensive Energy Efficiency  
and Renewable Energy Resource Analysis  
for 2009-2012 Clean Energy Program:  
2011 Programs and Budgets: Compliance Filings  
Proposed Extension of Promotional Incentive Increases (HPwES)  
BPU Docket Nos. EO07030203 and EO10110865**

**Comments of the New Jersey  
Division of Rate Counsel**

**September 12, 2011**

The Division of Rate Counsel (“Rate Counsel”) would like to thank the Board of Public Utilities (“BPU” or “Board”) for the opportunity to present our comments on the proposal to extend increases in certain 2011 Clean Energy Program (“CEP”) incentives that was submitted to stakeholders for comment by the Office of Clean Energy (“OCE”) in a notice issued September 1, 2011 (the “September 1 Notice”).

OCE has proposed to extend the current Home Performance with ENERGY STAR (“HPwES”) “Summer Promotion”, which was approved earlier this year, is currently in progress, and is approved to end September 30, 2011. The Summer Promotion was intended to increase participation in the HPwES program by providing additional incentives in the form of discounts to participants in Tier 2 and Tier 3 of the HPwES program who enroll during a summer promotion period. However, the residential Market Manager has reported that the Summer Promotion results have been below expectation to date. The proposed extended Summer Promotion is intended to encourage participation in the HPwES program by homeowners who need to replace their heating systems. The

extended promotion would start on October 1, 2011 and end on December 31, 2011, coinciding with one of the busiest times of the year for heating system replacement.

Rate Counsel has generally supported efforts to increase participation in HPwES via the WARM Advantage and COOL Advantage heating, ventilation and air conditioning (“HVAC”) programs, which have seen high participation rates in 2011. At the same time, Rate Counsel has expressed concerns about the HPwES Summer Promotion in its previous comments, and these concerns have yet to be addressed. These concerns include:

1. Customer incentive levels may not be the primary reason that HPwES participation has been lacking in 2010 and 2011. Rather, increased education and outreach to contractors may be needed.
2. The summer promotion could be providing more than 100% of the incremental costs of energy efficient measures.
3. The Market Manager has still not presented any basis for the discount amounts (\$500 for Tier 2 services, \$750 for Tier 3 Level 1 and \$1000 for Tier 3 Level 2), which may be excessive.
4. The Summer Promotion does not appear to address contractors’ resistance to participating.
5. Increased participation in the HPwES program attributable to the Summer Promotion might not displace participation in the HVAC programs but rather supplement it, potentially exhausting the 2011 CEP budgets before the end of the year and leading to disruptive program suspensions.

6. The Summer Promotion could be providing greater incentives to people who might have participated in the program even in the absence of the promotion.

For these reasons, Rate Counsel has previously recommended that the causes of low participation in the HPwES program and high participation in other programs should be further investigated. Moreover, support for the specific discounts being offered through the promotion should be provided.

### **Conclusion and Recommendations**

Rate Counsel does not object to the proposed extension of the HPwES Summer Promotion. However, Rate Counsel's support is conditioned upon implementing measures to ensure that the level of incentive does not exceed 100% of the total incremental cost of various measures qualified for the HPwES program. In addition, the OCE - or the Market Manager - should be required to provide support for its claim that specific incentive levels are needed to boost the participation in HPwES. Rate Counsel continues to recommend that the causes of low participation in the HPwES program and high participation in other programs should be further investigated. Finally, the OCE should reassess the incentive levels and marketing strategies (education, training, and other outreach) for HPwES and other programs for the 2012 program cycle.



## Responses to Rate Counsel's questions regarding the proposed Multi-family Pilot

1. Is the MFFP proposal in response to an RFP for the Competitive Grant/Loan Solicitation funds?

No. Staff had originally intended to issue an RFP for a grant-loan program. However, based on discussions at EE Committee meetings and discussions with TRC and others, Staff is recommending the proposed MFFP as an alternative to the solicitation originally envisioned.

2. When will Staff be circulating a proposal to utilize the remaining funding in this budget category? Will this be an RFP?

Staff is in the process of coordinating with the utilities, Market Managers and others to develop additional proposals for the use of this funding. Staff is hopeful that additional proposals will be available by the end of the year. Any additional proposals will be presented and discussed at a future EE/RE committee meeting prior to being circulated for comment. At this point in time Staff does not anticipate the release of an RFP related to the additional funds.

3. Would MFFP Energy Reduction Plans ("ERPs") be subject to the same requirements as Pay for Performance ERPs, that is, a.) proposed measures must achieve a minimum performance threshold of 15% and b.) savings from lighting cannot comprise more than 50% of the total energy savings?

Yes. The program requirements would remain unchanged. The proposed MFFP is an add-on financing component to the existing P4P program to provide additional funding to support the customer portion of the project cost.

4. Would entities that are participating in PSE&G's multifamily program be eligible for MFFP financing?

No. This financing is strictly related to the NJCEP Pay for Performance Program.

5. Please describe how the proposed \$10 million budget was developed.

TRC took into account the number of multifamily projects currently in the P4P program, the average project cost and incentive levels. Based on TRC's assessment of these factors, the budget of \$10 million could fund up to 40 projects. There are currently 44 approved MF applications in P4P (and 28 approved Energy Reduction Plans), which is the largest category of building types. The proposed budget can be modified in the future based on actual market demand for financing.

6. What level of participation in the MFFP do you envision?

Based on input from several multi-family building owners, there appears to be market demand for a MF financing program. Further, as noted above, there are currently 44 projects with approved P4P applications that would be eligible for financing. Staff has not estimated the number of projects that will utilize the proposed financing option.

7. Does “MFF4” mean MFFP?

Yes. This was a typographical error.



**Linda Wetzel**

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**From:** Thomas Pankok <pankoko@yahoo.com>  
**Sent:** Thursday, September 01, 2011 5:51 PM  
**To:** publiccomments@njcleanenergy.com  
**Subject:** Please Extend

To Whom It May Concern,

As a certified Building Analyst through BPI I fully believe in the wholehouse concept of making homes more efficient. I have conducted an Energy Audit on my home and made minor fixes with more extensive retrofits planned. I recently installed a natural gas tankless waterheater in my own home, due to the failure of my old storage tank unit, and just completed the forms for application to the WARM Advantage Program. I also plan on filing for the Federal Tax Rebate as well. My father is a licensed plumber and I am passing on copies of the forms to him so that he may better inform his customers of the rebates and benefits to the installation of high-efficiency equipment. I fully support the extension of the programs, so that all homeowners would have an opportunity to take Warm or Cool Advantage. I also feel that a more aggressive approach to advertising these rebates and incentives may be necessary to reach all potential homeowners interested. Thank you for your dedication to energy efficiency.

Tom Pankok III



September 12, 2011

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

RE: HPWES Summer Promotion Extension

Dear President Solomon,

I am writing this letter on behalf of ACCA, New Jersey State Association, which is a nonprofit organization which represents over 7,234 New Jersey HVAC ACCA member contractors, employees and families.

We would like to take this opportunity to endorse the Market Managers proposal to continue to build on the momentum we have been able to build with the "Summer Promotion" by extending the incentive levels through a "Fall Promotion".

While the Summer Promotion has not been as successful as we had hoped, we feel that is partly due to the fact that it started towards the end of the HVAC replacement season of May and early June. When we originally proposed the Summer Promotion it was with the thought that it would be approved in time to offer in the May/June replacement season. In addition, many of the HVAC manufacturers rebate programs ended at the same time the promotion started, so we lost the opportunity to couple those rebated together for homeowners. We did express our concerns with the promotion starting as late as it did in the spring.

However, we do have an opportunity to capture more homeowners to utilize HPwES during the HVAC community's second busiest replacement season of September- November if the proposed "Fall Promotion" is approved. The promotion has helped contractors active in the HPwES convert more sales to HPwES as opposed to just utilizing the WARM/COOL Advantage Programs and leaving unrealized energy savings.

If approved before the current promotion ends, and contractors have time to prepare to offer the promotion before they are overwhelmed with this busy period, and have time to market the program and promotion, we feel it will be even more successful for active contractors, and possibly entice more contractors to start actively participating in HPwES again.

Additionally, as 2012 incentive levels are being discussed, a reduction in incentive levels now could paralyze the marketplace, until 2012 incentive levels are determined.

On behalf of ACCA-NJ,

Angela Hines, 2<sup>nd</sup> Vice President

Fred Hutchinson, Board Member

A handwritten signature in cursive script that reads "Angela Hines".

Rubino Service Company  
1255 Berlin Rd,  
Voorhees, NJ 08043

Hutchinson Plumbing Heating Cooling  
621 Chapel Ave,  
Cherry Hill, NJ 08034

**Linda Wetzel**

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**From:** david sims <dave@bized.com>  
**Sent:** Thursday, September 01, 2011 2:58 PM  
**To:** publiccomments@njcleanenergy.com  
**Cc:** Leia Sims; Cathy Sims  
**Subject:** Extending incentives

The population is not nearly aware of why energy efficiency is so valuable to them. Most projects we do have phenomenal results. As we do the obvious work for our customers we usually find more items worth addressing. We are doing a geothermal system in jackson presently. We require energy work be done at all of our customers homes. In this case, while airsealing the basement band joists, we discovered that the uninsulated hvac ducts in his basement were literally outside the thermal envelope!!! This simple fix we are doing will cut his energy use for hvac an additional 40%!!!! On cold winter days, he'll actually get warm air from his heating system- for the first time ever.

These technologies deserve adoption by all ratepayers. Encourage them more until it becomes a no-brainer.  
David Sims

**Linda Wetzel**

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**From:** Doug Wong <dougw@bcexpressinc.net>  
**Sent:** Thursday, September 01, 2011 11:04 AM  
**To:** publiccomments@njcleanenergy.com  
**Cc:** info@bcexpressinc.net  
**Subject:** Summer promotion extension

I agree with extending the summer promotion. It has increased sales for us at BC Express Inc. during the summer promo. We had to hire additional employees to keep up with work load. Having it extended would continue our success in sales volume and percentage. BC Express Inc. is strongly supporting of the extension.

Thank You

Doug Wong

## Linda Wetzel

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**From:** Nancy Gazda <nancy@greenlivingsolutionsnj.com>  
**Sent:** Wednesday, September 07, 2011 8:55 AM  
**To:** publiccomments@njcleanenergy.com  
**Subject:** fall promotion

As a company who has been a part of the HPwES since it's inception, I strongly recommend that the Summer Promotion be extended into the Fall. We have noticed a marked increase in interest since the Summer Promotion took effect. However, the summer is typically a "slower" time for this industry. By extending the Promotion into the height of the air sealing and insulation season, the response should prove to be markedly improved and certainly worth it. Past experience with incentives has certainly proved that the greater the amount of rebate \$ offered, the more customers choose to have the work completed.

Best Regards,

*Ed Schwartz*

Green Living Solutions  
201-390-4280  
[ed@greenlivingsolutionsnj.com](mailto:ed@greenlivingsolutionsnj.com)



September 12, 2011

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

RE: HPWES Summer Promotion Extension

Dear President Solomon,

I am writing this letter on behalf of The NJ Chapter of Efficiency First, which is a nonprofit organization which represents over 1,300 businesses nationwide, and 43 New Jersey based business owners composed of home performance contractors and energy auditors with a total of nearly 600 employees in NJ.

We would like to take this opportunity to endorse the Market Managers proposal to continue to build on the momentum we have been able to build with the "Summer Promotion" by extending the incentive levels through a "Fall Promotion".

While the Summer Promotion has not been as successful as we had hoped, we feel that is partly due to the fact that it started towards the end of the HVAC replacement season of May and early June. When we originally proposed the Summer Promotion it was with the thought that it would be approved in time to offer in the May/June replacement season. In addition, many of the HVAC manufacturers rebate programs ended at the same time the promotion started, so we lost the opportunity to couple those rebated together for homeowners. We did express our concerns with the promotion starting as late as it did in the spring.

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If approved before the current promotion ends, and contractors have time to prepare to offer the promotion before they are overwhelmed with this busy period, and have time to market the program and promotion, we feel it will be even more successful for active contractors, and possibly entice more contractors to start actively participating in HPwES again.

Additionally, as 2012 incentive levels are being discussed, a reduction in incentive levels now could paralyze the marketplace, until 2012 incentive levels are determined.

On behalf of Efficiency First,

Brian Bovio, National Vice Chairman

Bovio Advanced Comfort & Energy Solutions  
Sicklerville, NJ

Scott Needham, NJ Chapter Chair

Princeton Air Conditioning  
Princeton, NJ

**Linda Wetzel**

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**From:** James W Price <freedomsolarenergy@yahoo.com>  
**Sent:** Monday, September 12, 2011 2:36 PM  
**To:** publiccomments@njcleanenergy.com  
**Subject:** Comments Summer Promotion Extension  
**Attachments:** Summer Promotion Extension.doc

## Summer Promotion Extension

From our experience since 2007 we have noticed the sales cycle from time of initial contact to completion of the project seems to follow a 3 month process. It makes sense to extend this promotion into the prime selling season to maximize our cost per acquisition of new customers. Our most effective advertising season starts with Labor Day weekend and moves through to the end of January.

I would suggest clearly defining the promotion as a separate fall promotion distinctly separate from the summer promotion in order to track effectiveness. Also to set a clear deadline date for contractors to close the sale on creates an urgency for the customer to make a buying decision. A fresh fall promotion makes customers feel like a new special event has arrived instead of a tired holdover promotion is dragging on. If we have a carryover it diffuses the urgency to act on the next deadline with the expectation of carrying it over again. Finally we get to run a new ad flyer with a fresh new look for the appropriate season.

To aid in our ad schedule please notify us ASAP this is approved so we can execute a new early October flyer.

Thank you,

Jim Price

PS: Bravo for updating the contractor search section of the website to radius contractor search instead of alphabetical search. You have upgraded the usability of the site for home owners tremendously.

## Comfortable Energy Efficient Homes

by FREEDOM SOLAR ENERGY, LLC

P.O. Box 211

Martinsville, NJ 08836

Phone 908-642-8394

Fax 908-393-9668

Email [freedomsolarenergy@yahoo.com](mailto:freedomsolarenergy@yahoo.com)



VIA ELECTRONIC MAIL ([publiccomments@njcleanenergy.com](mailto:publiccomments@njcleanenergy.com))

September 12, 2011

Ms. Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

**RE: Request for Comments regarding HPwES Summer Promotion Extension**

Dear Ms. Izzo:

New Jersey Natural Gas ("NJNG") has considered the Office of Clean Energy's ("OCE") September 1, 2011 request seeking comments on the potential extension of the current Home Performance with Energy Star ("HPwES") summer promotion. NJNG believes it is appropriate to extend the value of the incentives offered under the Summer Promotion until December 31, 2011 as suggested. Many of the communication efforts regarding the special incentives available to homeowners are starting to spark activity, especially as we move into the 2011 heating season. It is important for the program to capitalize on that interest level now rather than risk the potential for these customers to "wait for another sale" opportunity.

NJNG has additional suggestions to support the growth of the HPwES program along with customer awareness of and interest in the "whole house approach" and will provide such input within the established channels for 2012 program planning. NJNG appreciates the opportunity to provide comments.

Sincerely,

A handwritten signature in cursive script that reads 'Anne-Marie Peracchio'.

Anne-Marie Peracchio

Director- Conservation and Clean Energy Policy

Cc: Michael Winka, BPU  
Michael Ambrosio, AEG  
Mona Mosser, BPU  
[oce@bpu.state.nj.us](mailto:oce@bpu.state.nj.us)