



State of New Jersey  
DIVISION OF RATE COUNSEL  
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CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

STEFANIE A. BRAND  
*Director*

April 19, 2013

**VIA REGULAR 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

**Re: CEEEP Energy Efficiency Cost-Benefit  
Analysis Avoided Cost Assumptions  
(Revised October 22, 2012)**

Dear Secretary Izzo:

Enclosed please find original and ten copies of comments submitted on behalf of the New Jersey Division of Rate Counsel in connection with the above-captioned matter. 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  
April 19, 2013  
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Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND  
Director, Division of Rate Counsel

KSL/bw

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**Re: CEEEP Energy Efficiency Cost-Benefit  
Analysis Avoided Cost Assumptions  
(Revised October 22, 2012)**

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

April 19, 2013

Please accept these comments on behalf of the New Jersey Division of Rate Counsel (“Rate Counsel”) in response to the request circulated by the Office of Clean Energy on or about April 3, 2013. The within comments address the assumptions used by the Rutgers Center for Energy, Economic & Environmental Policy (“CEEEP”) to develop their report, dated October 22, 2012, entitled *Energy Efficiency Cost-Benefit Analysis Avoided Cost Assumptions* (“2<sup>nd</sup> Revised Draft”). CEEEP’s underlying cost benefit analysis examines combined heat and power (“CHP”) and other distributed generation (“DG”) options. On August 6, 2012, Rate Counsel submitted comments on an earlier draft of CEEEP’s report (“1<sup>st</sup> Revised Draft”), dated July 25, 2012. With these April 19<sup>th</sup> comments, Rate Counsel comments on CEEEP’s 2<sup>nd</sup> Revised Draft, and also supplements and incorporates by reference its August 6, 2012 comments on CEEEP’s 1<sup>st</sup> Revised Draft.

Rate Counsel’s comments focus on certain electricity prices used in the 2<sup>nd</sup> Revised Draft. In Table 1 of the 2<sup>nd</sup> Revised Draft, CEEEP presents its retail electricity price forecast by sector. Rate Counsel suggests that the retail prices appear to be high relative to historic retail electricity prices and should be updated. Based on the February, 2013 EIA Electric Power Monthly, the retail electricity price in 2011 for residential customers in New Jersey was \$0.16/kwh, much lower than CEEEP’s assumption of \$0.18/kwh. Likewise, the 2011 load-weighted commercial and industrial price in New Jersey was \$0.13/kwh, much lower than the price of \$0.15/kwh assumed by CEEEP for that year. For 2012, the residential price is

\$0.16/kwh according to the February 2013 Electric Power Monthly, in contrast with CEEEP’s assumption of \$0.18/kwh. The 2012 load-weighted commercial and industrial price in New Jersey was \$ 0.12/kwh, compared with the price of \$0.14/kwh assumed by CEEEP for that year. <sup>1</sup> These prices are summarized in Table A, below.

**Table A. Retail Electricity Price (\$/kWh)<sup>2</sup>**

	Residential		Commercial & Industrial	
	CEEEP	EIA	CEEEP	EIA
2011	0.1800	0.1623	0.1500	0.1314
2012	0.1800	0.1579	0.1400	0.1247

Rate Counsel recommends that CEEEP revisit its electricity price assumptions and incorporates the suggestions set forth above.

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<sup>1</sup> Based on data from the U.S. Energy Information Administration. Electric Power Monthly: tables 5.4.A and 5.6.B, release date February 2013.

<sup>2</sup> CEEEP data from 2<sup>nd</sup> Revised Draft. EIA data from the U.S. Energy Information Administration. Electric Power Monthly: tables 5.4.A and 5.6.B, release date February 2013.