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Sent via email to: Board.Secretary@bpu.nj.gov

TO: Aida Camacho-Welch, Secretary of the Board
FROM: Pamela Frank, CEO, ChargEVC-NJ
DATE: March 11, 2021
SUBJECT: The Clean Energy Programs and Budgets for Fiscal Year 2021 – True-Up, Revised Budgets And Program Changes

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ChargEVC appreciates the opportunity to provide thoughts and recommendations on the *Proposed NJCEP FY21 True-Up Budget, Budget Revisions and Program Changes.*

We tailor our brief comments to the specific two programs related to electric vehicles (EVs) –the Plug In EV Incentive Fund and the Charge Up New Jersey Program.

The current fiscal year has seen historic disruptions as New Jersey battles the Covid-19 pandemic. While this has been an unusual year, it is not unusual to have a true up of the NJCEP funds. This year, there is an additional $31,166,975 available in the NJCEP and further, the Proposed Revised Budget suggests a redistribution of $24,153,622 to align budgets with program performance and other initiatives. In total, this represents $55,320,597 in allocations and redistribution of funds for the Proposed FY21 True-Up Budget.

We understand the BPU plans to launch the second year of plug-in EV incentive program at the beginning of the new fiscal year on July 1, 2021. The launch will feature the new program design, eliminating the introductory phase of the plug-in EV incentive program where checks were issued to EV buyers post-purchase. The second-year program will have all the back-end features that work with the automotive dealers and Tesla so that EV buyers do not have to finance the rebate.

At what is still the beginning of a multi-year program, and although there has been more demand than forecasted during the first-year launch of the plug-in EV incentive program, we are not advocating that any of the $55M available should be allocated during the true up to the EV incentive program. We believe the program should begin on July 1st with $30M plus in the budget line for the EV incentive program.

We look forward to participating in the stakeholder engagement process on the 2nd year program as soon as possible and want to tee up an issue we will be discussing.

The language in the statute very deliberately gives the BPU the flexibility to increase the annual budget of the Plug-In EV Incentive program:

The board shall provide no less than $30 million in disbursements under the light duty plug-in-electric vehicle incentive program established pursuant to section 4 of P.L.2019, c.362 (C.48:25-4) each year for 10 years.

The 2025 EV goals in law, the sizable emissions reductions that comes with replacing internal combustion engine vehicles with EVs, the successful first year launch of the program, and the decreasing costs of EVs ***all point to accelerating the uptake of EVs with additional rebate dollars made available over the next several years.***

To the extent that OCE FY2021 funds carry over into OCE FY2022, we strongly advise consideration of – at a minimum, placing some or all of this carry over funding into the plug-in EV incentive program budget line for year two.

We also do not know the precise timing for launch of the Charge Up New Jersey Program. We understand this program would launch after the 2nd year plug-in EV incentive program launch. While we see $1,000,000 moved into the plug-in EV incentive program for FY2021 from the Charge-Up New Jersey budget line (presumably this is to cover processing rebates from last year before the program closed), this means there will likely be opportunity to carry forward the balance from the Charge Up New Jersey FY2021 budget line. We encourage the carry forward to be placed in the same budget line for FY2022, and so that with the equivalent baseline funding we saw in FY2021 for the Charge Up New Jersey program of $3,433,739, this budget line would also increase in FY2022.

We look forward to this discussion over the next few months as we get ready to launch the 2nd year of the Plug-In EV Incentive program.

Bloomenergy

March 11, 2021

VIA ELECTRONIC MAIL ONLY

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Secretary New Jersey Board of Public Utilities
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publiccomments@njcleanenergy.com

Re: Request for Comments - Proposed NJCEP FY21 True-Up Budget, Budget Revisions and Program Changes (BPU Docket No. QO20080539)

Dear Secretary Camacho-Welch:

Please accept the following comments of Bloom Energy on the proposed New Jersey Clean Energy Program True-Up Budget, Budget Revisions, and Program Changes for Fiscal Year 2021. We appreciate the opportunity to comment regarding the proposed changes to the Combined Heat and Power/Fuel Cell (CHP-FC) incentive program.

The proposed changes to the CHP-FC program include removal of the distinction between "fuel cells with heat recovery" and "fuel cells without heat recovery." This adjustment to the program is appreciated and should be accepted by the Board. The change is also consistent with a recent Federal Energy Regulatory Commission (FERC) Order that amends the definition of useful thermal energy output in federal PURPA regulations to clarify that a fuel cell that uses what would otherwise be waste heat *internally* to increase efficiency is now a qualifying form of co-generation facility under PURPA.[1] This change to the program should allow customers and developers to focus on what matters – increasing efficiency and reducing emissions – via the technology that makes the most sense for their situation, rather than in accordance with a pre-determined technology selection imposed by the structure of the program itself.

[1] FERC Order No. 874, 173 FERC ¶ 61,226 (FERC Docket Nos. RM21-2-000 and RM20-20-000), Fuel Cell Thermal Energy Output, Bloom Energy Corporation (December 17, 2020).

Unfortunately, other aspects of the program would have the effect of predominantly encouraging the development of: (1) lower efficiency fuel cell projects, and (2) combustion CHP projects that produce harmful local air pollution.

- The adoption of a simple across the board 40% HHV efficiency minimum standard for fuel cell projects will drive the development of the least efficient fuel cell projects on the market. Rather than adopt a "lowest common denominator" approach, the program should reward more efficient fuel cell projects by adopting a sliding scale so that a 40% efficient project does not receive the same incentives as, for instance, a 59% efficient project.

- Under the proposal now before the Board a hospital located in an urban neighborhood could expect to receive a $1M incentive for a 59% efficient non-combustion fuel cell that creates no local air pollution. The same hospital could expect to receive $3M for a 60% efficient combustion CHP project that increases harmful local air pollution. *The Board should not be paying $2M for a 1% increase in efficiency and the Board should not be paying to increase local air pollution at all.*

- A bright line "40% or 60% efficiency" approach will always produce these kinds of incongruous situations, and a 40% efficiency standard would be the lowest efficiency standard of any efficiency program for fuel cells nationwide. The Board should not adopt this recommendation. The Board should instead adopt a sliding scale that provides higher incentives to more efficient projects and lower incentives to less efficient projects.

- Fuel cells with less than 60% efficiency are again subject to a "manufacturer diversity" cap even though they do not emit local air pollution like combustion CHP, for which there is no vendor cap. The Board should reject this approach as clearly discriminatory in favor of technologies that produce combustion related air pollution over those that do not. Any manufacturer diversity cap should apply on equal terms to all CHP/FC technologies or to none.

- The program structure continues to ignore the value of high capacity factors when it comes to reducing GHG and air pollution emissions. A given project can currently receive a higher incentive level than another project that is verified to operate for more hours, saves more energy, and reduces more emissions. The program should instead incorporate a sliding scale that better recognizes the impact of capacity factor on the achievement of the Board's clean energy objectives. The Board acknowledged in its own 2016 Microgrid Report that fuel cells

have a superior capacity factor compared to CHP.[2] The report explained the following observations about the capacity factors of fuel cells and CHP:

> ". . . CHP systems may usually operate at lower capacity factors in the 50% range depending on site-specific conditions including system fuel costs, routine operations and maintenance (O&M) and the economics of the cost for electricity from the grid. . . Because the fuel cell has essentially no moving parts to generate electricity, its capacity factor is extremely high. The fuel cell generates electricity by moving gases through a membrane. A fuel cell capacity factor can be 95% or higher."[3]

The critical point is that a project that is not operating does not reduce any emissions or save any energy. If the Board is providing incentives to projects that are operating at very low capacity factors the objectives of the incentive program are not being achieved during those periods.

Furthermore, a wave of recent studies has shown that local combustion related pollutants like NOx, SO2, and Particulate Matter are far more harmful to human health than previously believed, including findings that:

- Combustion related air pollution may be as harmful to your lungs as smoking cigarettes;[4]
- The Covid-19 virus can be carried on combustion related particulate matter;[5]
- Particulate matter is the largest environmental health risk factor in the nation, and the resulting health impacts are borne disproportionately by economically disadvantaged communities;[6] and
- Combustion related air pollution increases preterm birth risks;[7]

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[2] New Jersey Board of Public Utilities Microgrid Report (2016), available at: https://www.nj.gov/bpu/pdf/reports/20161130_microgrid_report.pdf

[3] BPU Microgrid Report at 24.

[4] Wang M, Aaron CP, Madrigano J, et al. Association Between Long-term Exposure to Ambient Air Pollution and Change in Quantitatively Assessed Emphysema and Lung Function. *JAMA.* 2019;322(6):546–556. doi:10.1001/jama.2019.10255 Aubrey, Allison. Air Pollution May Be As Harmful To Your Lungs As Smoking Cigarettes, Study Finds. NPR. 13 August 2019. https://www.npr.org/sections/health-shots/2019/08/13/750581235/air-pollution-may-be-as-harmful-to-your-lungs-as-smoking-cigarettes-study-finds

[5] Setti, et. al "*Searching for SARS-COV-2 on Particulate Matter: A Possible Early Indicator of COVID-19 Epidemic Recurrence,"* International Journal of Environmental Research and Public Health April 2020.

[6] Tessum et al. Inequity in consumption of goods and services adds to racial–ethnic disparities in air pollution exposure. *PNAS March 26*, 2019 116 (13) 6001-6006; first published March 11, 2019 https://doi.org/10.1073/pnas.1818859116

[7] Mendola, P. et al. *"Air pollution and preterm birth: Do air pollution changes over time influence risk*

- 1 in 5 deaths worldwide are attributable to combustion related air pollution.[8]

In light of these developments, the Board should not accept any aspect of the program that has the effect of favoring combustion CHP projects that emit harmful local air pollutants over non-combustion fuel cell projects that do not.

Bloom Energy appreciates the opportunity to provide these comments in response to the February 23, 2021 Notice. We look forward to working with the Board and Staff and stand ready to provide additional information wherever that information will be helpful to the process.

Very truly yours,

/S/

Charles Fox
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in consecutive pregnancies among low-risk women?" International Journal of Environmental Research and Public Health, 2019. https://www.nih.gov/news-events/news-releases/nih-studysuggests-higher-air-pollution-exposure-during-second-pregnancy-may-increase-preterm-birth-risk

[8] Harvard University School of Public Health in collaboration with the University of Birmingham, the University of Leicester and University College London, "Global Mortality From Outdoor Fine Particle Pollution Generated by Fossil Fuel Combustion," published in *Environmental Research*, available at: https://www.hsph.harvard.edu/c-change/news/fossil-fuel-air-pollution-responsible-for-1-in-5-deaths-worldwide/

First of all, thank you for extending the deadline for making comments. It's appreciated.

In the *Request for Comments Proposed NJECP Fiscal Year 2021 True-up Budget, Budget Revisions and Program Changes* dated February 23, 2021, there is a line item near the bottom of the table *True-Up Calculations* of page 2 titled "New Initiatives". It shows a FY20 Final Budget of $20,050,000. I don't see anything about funding for "New Initiatives" in the FY21 budget. Maybe its buried under some other area, I can't tell. Let me explain why this is important to me and my company and worthy of consideration for the NJ Clean Energy Program.

New Initiatives can possibly change the proliferation of new approaches to developing clean energy quicker than anything else. Take our company as a for instance.

Green Waste Energy (GWE) wants to develop plants employing its Advanced Recycling and Energy Conversion (AREC) process to convert municipal solid waste (MSW), sewerage sludge, biomass or any matter with a calorific value into a synthetic gas (syngas) that will be used as a fuel for engines to produce electricity. This is <u>not</u> an incineration system; this is pyrolysis of Btu laden waste into a synthetic gas. The AREC process is an <u>innovative</u> and robust gasification system that is able to efficiently process a wide range of waste materials and output a clean gas of high calorific value. The gas is then used to power engines or turbines to generate electricity or it can be further processed into liquid fuel.

An AREC plant processing 450 tons per day (2 lines) of municipal solid waste is projected to produce ~10 MW of power for export depending on the Btu level of the trash. Between the power generated and the receipt of tipping fees on the trash, there are favorable economics here. There is also a smaller system that processes 25 tpd and generates about 800 kW of power for export to the host site. In either case, it is a stable source of clean power.

Now think about this in terms of cleaning up NJ's air in terms of carbon and methane emissions. Municipal solid waste will no longer go to landfills where it will breakdown and emit methane. Nor will food and vegetative waste, the goal of Assembly bill A2373. And two lines produce 10 MW of stable power - that is power 24 hours a day, whether its breezy or calm, day or night. And its clean power, our emissions are better than the state's requirements for CHP systems and far better than NJ's incineration plants.

But we can't sell any system in the state. Why? Because nobody wants to be #1. We've talked to the major utility authorities and waste water treatment plants in the state. The response I receive is the same with little variation: 'This sounds great, when you have two or three plants up and running, give me a call.' Nobody wants to be #1.

This is where the state should step in. Under 'New Initiatives', NJCEP should support the funding for the first two or three AREC plants: one to process MSW, one to process WWT sludge and a third, small version, to process food waste. Once these plants are up and running, there will be no need for further funding from the state. Unlike the solar and wind programs which will need support for years, we will be off on our own in two years.

In summary, please do not do away with 'New Initiatives' and please consider finding away to fund a new initiative for developing clean energy while ridding the state of the third largest source of carbon emissions - landfills.

Thank you for taking my comments.

Regards,

James

James Pfeiffer, CEM

VP Special Projects

Green Waste Energy

www.GreenWasteEnergy.com

201-251-3815 office

TO: Aida Camacho, Secretary of the Board, New Jersey Board of Public Utilities
RE: FY21 Program Changes
DATE: March 8, 2021

Dear Ms. Camacho,

The enclosed comments are submitted on behalf of Vote Solar, GRID Alternatives, New Jersey Sustainable Business Council, Solar United Neighbors of New Jersey, PosiGen, Neighborhood Sun, the NJ League of Conservation Voters, and Environment New Jersey in response to the proposed Clean Energy Program Changes for Fiscal Year 2021. We appreciate the opportunity to contribute to the Board's decisions about the Clean Energy Program and hope you will consider our recommendations. Should you have any questions, please do not hesitate to reach out.

Sincerely,

Elena Weissmann, Mid-Atlantic Regional Director | Vote Solar
elena@votesolar.org | 973.259.6195

Tom Figel, Senior Director of Policy & Business Development | GRID Alternatives

Richard Lawton, Executive Director | New Jersey Sustainable Business Council

Glen Brand, VP, Policy and Advocacy Program | Solar United Neighbors of New Jersey

Gary Skulnik, CEO and Founder | Neighborhood Sun

Doug O'Malley, Director | Environment New Jersey

Patrice Lenowitz , Community Marketing and Advocacy Manager | PosiGen

Lee Clark, Environmental Justice Policy Manager | NJ League of Conservation Voters

Solar Successor Program

The FY21 filing specifies that "the precise details of the Successor Program will be determined by the Board at a later date after extensive public input," and that "Staff anticipates need for additional consultative assistance in designing and implementing key elements of the program."

Vote Solar commends the Board of Public Utilities for this approach. Maximizing public input into the Successor Program will be crucial to the program's success. BPU and the NJCEP have acknowledged the need for solar planning as a means to combat climate change, and it is critical that the details of the Successor Program reflect the input and desires of the communities with the most at stake as we face climate change in New Jersey.

As we work towards a world where New Jersey is powered by clean energy and all New Jerseyans can afford the power they need, it is critical that the Board take extra care to consider who will benefit from its clean energy programs and investments. Given the low costs of solar energy and the opportunity it presents to reduce families' energy burdens, the Successor Program should be designed explicitly around the needs of the communities that need it the most. Now is the time to ensure affordable and clean energy for everyone, especially environmental justice communities that have faced disproportionate air and water pollution from fossil energy and currently are most at risk of harm from climate change.

Specifically, in designing an incentive structure -- for which we encourage the Board to model using performance-based incentives -- the Board should host community forums in overburdened communities to best understand what will motivate their participation in the solar market. Previous SREC programs have not been structured to facilitate low-income participation. When structuring requests for feedback and public input, we recommend the Board use the Department of Environmental Protection's mapping tools to identify and focus on overburdened and environmental justice communities. Ample notice must be given in these communities and recruitment for public participation should be done in close partnership with local organizations and community leaders. The Board should advertise these community forums through trusted service providers and community organizations, and should use the input received from them to structure the SREC program.

Office of Clean Energy Equity

Vote Solar is thrilled about New Jersey's newly created Office of Clean Energy Equity and looks forward to working with the Office to ensure that solar energy and the green economy are rooted in access and equity for New Jersey's overburdened communities. The FY21 Program Changes make no mention of this critical office nor do they provide it with a fixed budget, and we encourage the Board to develop concrete directives and a sufficient budget for the Office to be effective. The Clean Energy Equity Act, which helped seed the idea for this office, recommends specific directives for the Office. We encourage the Board to adopt those goals and to ensure collaboration with the Office across all portfolios.

For example, we encourage BPU to work with the Office to set specific targets for increasing clean energy access for overburdened communities. The Clean Energy Equity Act sets a target of 250,000 low-income households with decreased energy burdens (either by solar access or efficiency standards) by 2030 and 400 MW of storage sited in environmental justice communities, a standard developed by a coalition that includes diverse groups including environmental justice and industry representatives. In addition, the Board should work with the Office to set bill savings benchmarks for low-income ratepayers. All endeavors, such as community solar participation, should be structured to secure energy burden savings for these households.

The Board should also encourage the Office to solicit feedback from low-income ratepayers that can be leveraged to secure further participation in clean energy and efficiency programs. Barriers to low-income participation are complex and must be addressed holistically, using feedback from these communities. Where problems identified lay beyond the scope of the Board of Public Utilities, the Board should facilitate collaboration with the appropriate state agency to develop an equitable solution.

Funding Concerns

While we support initiatives that reduce greenhouse gas emissions like electrification incentives and offshore wind development, we recommend the Board allocate additional funding for programs that reduce energy burdens of the lowest income New Jerseyans. Given the economic crisis of the COVID-19 pandemic, reducing families' monthly expenses is critical right now. Funding should be allocated to align with the program goals of the Clean Energy Equity Act: dedicate $50 million to lower the energy burdens of low- and moderate-income households through solar deployment and

energy efficiency; promote resilience through local battery storage; and spark job development in the solar industry. Clean energy programs for low-income families, including home weatherization and solar deployment, will not only reduce bills now, but will sustain those savings into the future. Moreover, these efforts will support the development of new jobs in the short-term, and given today's unemployment rate -- which is the highest in overburdened communities like Essex County -- facilitating local economic development is key.

Hello,

I believe the FY21 budget should be revised to be in line with the 2019 Energy Master Plan. The 2019 EMP lays out the case for aggressively electrifying buildings, and the current FY21 budget is nothing short of a fossil fuel subsidy. I would like to start this discussion with an acknowledgement that the 2019 EMP falls very far short of taking current ICCP recommendations. To maintain a 50% chance at keeping global warming less than 1.5 degrees, we must reduce global emissions 50% off 2006 levels. According to numbers laid out in the Global Warming Response Act, this would mean we would need to be emitting less than 60 MMT CO2e by 2030. Looking at figure ES.3 in the 80x50 plan, one can see the 2019 EMP puts us on track to be at 80 MMT CO2e per year in 2030. In order to protect our coast line communities from extreme weather, to protect our public health, and to give our young people a chance at a livable future, we must move faster than the 2019 EMP. Nonetheless, I concede that Governor Murphy and many regulatory bodies in NJ support the 2019 EMP, and moving faster than this would be a difficult goal to achieve. Therefore, I would like the NJCEP to be in line with the 2019 EMP.

Figure 7 on page 48 shows the emissions from fuel sources from 2020 to 2050. One can see fossil gas starts to decline immediately, and starts falling more rapidly in 2025. This is because there is an assumption our building codes will be fully electric in 2025. We know this because on page 167 it is written “Modeling results from the Integrated Energy Plan suggest it would be most cost effective to begin constructing all-electric buildings by 2025.” Such a dramatic shift in our buildings codes is a big deal, and will create lots of delays in the building sector if we don’t immediately start preparing for this shift. This can lead to an increase in housing costs, and an increasing number of New Jersians that would be without housing. But we can prepare for this transition ahead of time. On page 167, the EMP recommends we start incentivizing electric equipment so we can “enable industry experts to become familiar with new technologies and building techniques and buy time for the technology to improve and economies of scale to drive down costs. It is expected that heat pumps will become more economically feasible in colder regions as technology continues to improve and becomes more efficient.” Incentivizing the installation of fossil gas equipment is the equivalent of seeing a “bridge out” sign and stepping on the gas.

The goal of the clean energy program is to reduce costs and total energy demand. The EMP says both can be done better if we stop incentivizing fossil gas equipment. We can see total energy demand will be less on page 36 when it says, “any meaningful transition of the state’s energy system to reduce energy consumption and emissions must also encompass decarbonization – primarily through electrification – of the transportation and building sectors”. It says this again on page 37 with, “They reduce overall energy consumption. Electric vehicles (EVs) and electric heating systems and appliances are more efficient per unit of energy than their conventional counterparts, such as gasoline or diesel-fueled vehicles and natural gas or oil heating systems.” We can see that electric equipment saves NJ ratepayers the most money on page 48-49 when the EMP says, “The Least Cost scenario relies on the state to scale up deployment of existing technologies, including energy efficiency technologies, electric vehicles,

air-source heat pumps, offshore wind turbines, utility- and rooftop-scale solar photovoltaics (PV), and others." This is seen again on page 160 with, "Electrification reduces annual costs by 50% in 2050, compared to retaining gas use in buildings". Although the goal of the CEP is not to reduce emissions, there is an added benefit that electrification also reduces emissions. This can be seen on page 37 when the EMP says, "Electrified transportation and buildings support the state's emissions reductions goals".

Operating the CEP as the proposed budget recommends is a safety hazard for the residents the program is supposed to be helping. On page 13 of the TRC it is written that one of the goals of the Warm Advantage program is, "facilitating the appropriate treatment of any potential combustion appliance safety issues." By consulting the well known Hierarchy of Hazard Controls, one can see that the elimination of a safety concern is the safest thing that can be done. This can only be accomplished through electrification. The Warm Advantage program is attempting to institute an engineering control, which is the second action that should be taken, not the first.

There are many times this proposed budget goes directly against the EMP recommendations. One of the more blatant programs is the Comfort Partners Program. Goal 4.2 of the EMP is to start the transition to electrify existing oil and propane fueled buildings. On page 2 and 3 of the Comfort Partners Program Budget it is written, "Customers, who heat with fuel oil where WAP cannot reasonably provide critical services, such as repairing or replacing oil fired heating systems, will be considered for conversion to natural gas by Comfort Partners." This also goes against the goals of the CEP itself. If a customer is heating their home with oil fired heating, it is most likely because they do not have a natural gas connection to their house already. The cost of connecting a home to the natural gas grid far outweighs the cost of installing an electric heat pump, as can be seen in a 2018 Rocky Mountain Institute study on the economics of electrifying buildings. This means the proposed budget for the Comfort Partners program is going to pay more to get even less energy savings, than otherwise could be achieved. Language in the Comfort Partners program should be changed from "replacing" water heating and HVAC systems to "electrify". In addition, provisions should be added to ensure that all new equipment installed will be capable of demand flexibility, so as to be in line with goal 3.2.2 of the EMP.

The Warm and Cool Advantage Program provides another opportunity for more energy savings per tax dollar spent than the current budget is allowing. We know that a single heat pump can replace both a furnace and an air conditioner. This allows us to subsidize one installation, but receive the benefits as if we subsidized two. In addition to this the Warm Advantage program provides subsidies for oil boilers and propane furnaces, which directly conflicts with goal 4.2.

The EEP program provides subsidies for Energy Star natural gas dryers. We should only be subsidizing the installation of heat pump clothes dryers. Heat pump clothes dryers can achieve a COP of over 12, while electric and fossil gas dryers can only achieve 1. In addition, heat pump clothes dryers do not have to be vented, providing an opportunity to seal a part of

the house that could be leaking a significant amount of air. The smart start and the Direct Install programs both also provide subsidies for fossil fuel equipment.

The two largest advantages that government subsidy programs give is the ability for contractors to learn the technology in a risk free setting and to drive costs down by allowing new technologies to reach an economy of scale. Fossil fuel equipment is already at a large enough market share to have obtained both of those benefits. As such, providing these subsidies for fossil fuel equipment has a very small benefit relative to the potential impact correctly designed government programs can have. By revising the CEP budget, we have an opportunity to usher in a new era of home energy technologies. The stakes here have never been higher. The young people of New Jersey are facing a climate crisis that is threatening their very lives. The New Jersey economy has never been more fragile after a global pandemic disrupted tourism and global shipping. We know through countless studies that energy efficiency saves money per tonne of CO_2 abated. The option of designing the CEP in a way that doesn't maximize cost and energy savings is no longer on the table.

Thank you,

Ed Mirfin
Sunrise Movement

March 11, 2021

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Submitted via email: publiccomments@njcleanenergy.com

Re: Request for Comments Proposed NJCEP Fiscal Year 2021 True-Up Budget, Budget Revisions and Program Changes February 23, 2021

To Whom It May Concern:

The signed-on organizations ("Commenters") are pleased to submit these comments in response to the request for comments for the Proposed NJCEP Fiscal Year 2021True-Up Budget, released on February 23, 2021. The commenters sincerely thank NJBPU staff for extending the comment deadline by two days, given the tight schedule. However, in the future, more time for research into programs and budget analysis would allow for more in-depth and useful comments from the community. In addition, those who wish to engage in the budget and program processes rely on open calls with staff to ask questions and hear the thoughts of other stakeholders before submitting comments in response to budget revision and program changes. The commenters request time for questions during future stakeholder meeting presentations.

While not explicitly outlined in the True-Up Budget, commenters request clarity on the timeline for working groups to form and begin meeting. This is an invaluable opportunity for stakeholder and community input. However, beyond issue areas, very little is known about the structure or timing of the groups. The commenters and partners are eager to participate and engage with program development and implementation. It is particularly important to convene the working groups given the approval of both PSE&G's and NJNG's energy efficiency program portfolios and the suite of new programs that will be starting July 1, 2021. In fact, working groups should be established before any FY2022 proposal is designed, which will contain the new programs run by the Board pursuant to the Clean Energy Act and EE Framework Order.

The current fiscal year has been rather unusual due to the COVID-19 pandemic, but we are glad to see that renewable energy, energy efficiency and electric vehicle programs continued to operate. On the other hand, we were disappointed to see the Governor continue the significant raid of the Clean Energy Fund of $82 million in his recently announced FY22 state budget, which has been dubbed State Energy Initiatives for supporting the operating budget of NJ Transit. New Jersey has a long history of these raids over the last decade plus, making it difficult to reach the state's goals for a clean, renewable energy future.

The need for many programs funded by the Clean Energy Fund is great, arguably greater during a pandemic that has put many people out of work. The ability to expand programs such

as Comfort Partners and Workforce Development programs is critical as we work to reduce air and climate pollution, create more liveable housing and communities, and improve public health. With this in mind, it is crucial that this True-Up budget does not divert even more funding away from some of these critical programs.

Before commenting on specific line items and programs in the budget, Commenters have a note for staff: In regards to the True-Up calculations relevant to this comment, clarification is needed on the "FY20 Budget Less Actual Expenses and Commitments." It is unclear where these amounts come from as they total more than the $31 million in Carryforward funds from FY20 into FY21 and the $58.5 million in "FY20 Budget Less Actual Expenses and Commitments."

Reallocations and Rationale

Commenters thank staff for the inclusion of $2.5 million for Residential Retrofits in response to increased participation. In a year when consumers are still suffering from the financial devastation of the ongoing COVID-19 pandemic, investment in this type of program which will lead to energy savings and lower monthly bills is even more important than before. Related is the $2 million allocated towards a home weatherization pilot in Governor Murphy's FY21 State Budget. It is unclear where this program is housed in the True-Up Budget and commenters are eager to see how this funding will be allocated towards design and implementation of the pilot.

Commenters are concerned by the removal of $1.5 million for the Residential New Construction program due to lower anticipated participation levels. As New Jersey works to recover from the pandemic and move closer to achieving the goals outlined in the 2018 Clean Energy Act, FY21 is the time to expand energy efficiency work across programs. If there is an expected reduction in program participation, then resources should be allocated to program visibility and partnering with builders to overcome barriers to participation. New residential and multi family construction will continue this year; it is important that as many of those projects incorporate energy efficiency elements as possible. This concern is consistent with the $535,000 reduction in Outreach funding. The goal is to have increased interest and participation in NJCEP programs every year. Public outreach, education, and recruitment is an integral part of the engagement process to get savings into consumers' pockets and reduce energy use to meet the long term climate goals.

With the state working alongside utilities now to pursue energy efficiency and other climate goals in the state, Commenters hope that state run programs will be used to drive market transformation and workforce transition to aid in energy efficiency and electrification. Investment in creating the market and workforce to meet the goals of the NJDEP 80x50 report needs to happen now. Commenters look forward to the opportunity to see NJBPU's proposal for next year's programs. In the meantime, we hope to reiterate that now is the time to act on the state's climate plans through energy efficiency and electrification programs at the BPU/DCE.

Commenters would like to note that the $7 million for energy storage was carried over from FY20, and there is uncertainty about whether the study on battery storage was ever completed and whether final results were ever shared publicly. Commenters hope that the elimination of

these funds in FY21 is not an indication of de-prioritizing battery storage in policy development. This is an important issue area and there should be a plan to pursue in the coming fiscal year especially because of the stated goals of the NJ Energy Master Plan, which state a goal of reaching 600 MW of energy storage by this calendar year, 2021, and 2,000 MW by 2030.

Commenters agree with the transfer of $1 million from Charge Up New Jersey to the Plug-in EV Incentive Fund. We are pleased that the second year of the plug-in EV incentive program, which we understand will restart on July 1, 2021, will be newly designed and feature point of sale rebates, which is an incredibly welcome development. We were encouraged by the speed at which the funds for phase one of the program were collected by new EV owners, but recognize the aggressive need to ramp up EV sales throughout the next four years to give us an opportunity to reach the EV Law (S2252/A4819) and Clean Cars mandate of 330,000 EVS on the road by December 2025. With the current number of EVs on New Jersey's roads at roughly 35,000 vehicles, it will require an average annual sales of 75,000 EVs, roughly double our current total inventory. For these reasons, we agree with our allies at ChargEVC that we should accelerate "the uptake of EVs with additional rebate dollars made available over the next several years."

The language in the EV law clearly gives the BPU the ability to increase the Plug-in EV Incentive Fund's budget, stating that "the board shall provide no less than $30 million in disbursements under the light duty plug-in electric vehicle incentive program established pursuant to section 4 of P.L.2019, c.362 (C.48:25-4) each year for 10 years." Therefore, we are glad to see the transfer of $1 million from Charge Up New Jersey to the Plug-in EV Incentive Fund in this True-Up Budget, and we advise increasing funding for the Plug-in EV Incentive Fund in upcoming budget processes. We look forward to discussing this more as staff prepare to launch phase two of the Plug-in EV Incentive Program.

DCE Compliance Filing

Offshore Wind: The commenters are strongly in support of the investment in offshore wind, especially the work to build out the offshore wind supply chain in the state, which is a critical component of the Offshore Wind Economic Development Act (OWEDA) of 2010. Specifically, the investments of $1.8 million via the South Jersey Port Corporation for the work to develop the Port of Paulsboro into turbine monopile manufacturing and marshalling center is exactly the investment anticipated by OWEDA more than a decade ago.

The Wind Energy Port in Lower Alloway Creek in Salem County will be the signature offshore wind supply chain marshalling port on the East Coast and provides both geographic and economic significance for the state to build out an ecosystem for port development across South Jersey. Obviously, this investment is only a portion of the total investment for the Wind Energy Port and Commenters were encouraged by the proposal in the Murphy Administration's proposed FY22 budget of a $200 million investment in offshore wind.

In this vein, we are fully supportive of the allocation of more than $6 million carry-over dollars from FY20 for these investments.

Community Solar

The Commenters were also encouraged by the release of the second year of the community solar pilot project and the massive increase in applications for projects bodes well for reaching the target of 150 MW of community solar. The unveiling of the initial community solar project in Perth Amboy in January with Governor Murphy and NBPU President Fiordaliso is a reminder of the potential for community solar to bring clean, renewable solar to hundreds of thousands of households in urban communities that haven't had the opportunity to benefit from solar and help to reduce their electric bills.

EMP Rate Impact Study

The Commenters note that while they understand the importance of executing the Energy Master Plan Rate Impact Study with a goal of examining ratepayer impacts in the effort to reach the EMP's stated goal of 100% clean energy by 2050, they urge the NJBPU to fully account for the full range of expected climate change costs that can be expected under the EMP and the Integrated Energy Plan's Business As Usual modeling. We would urge the NJBPU to include the social cost of carbon methodology which has recently been reembraced by the Biden Administration after its suspension during the Trump era to provide a true calculation of the cost for ratepayers. Any analysis needs to be more than a simple calculation of direct costs, but also a fully captured picture of the full costs of climate impacts on all ratepayers, including current and future public health costs, to truly capture the cost impacts of the EMP.

Grid Modernization

The Commenters were also supportive of the efforts around grid modernization to update the state's interconnection rules to reflect lessons from other states and maximize our ability to reach the 50% Renewable Portfolio Standard mandate by 2030 under the 2018 Clean Energy Act.

Comfort Partners Compliance Filing/Pilot Program

Commenters support the automatic eligibility pilot program for Comfort Partners. More clarity is needed on how the six pilot areas will be chosen. While starting in the places with low income customers of the greatest need is crucial, it is also important to pick neighborhoods that are representative of communities across New Jersey. The rural, suburban, and urban neighborhoods chosen for the pilot program should be proportionate to the concentrations of low income communities around the state.

We appreciate the opportunity to provide comments on these critical issues and again appreciate the brief extension of the deadline. We also want to note the importance of a

stakeholder briefing on the FY22 NJBPU budget, especially as it relates to the Office of Clean Energy budget and the impending transition to the utility energy efficiency programs and the impact on the overall Office of Clean Energy budget. Please feel free to reach out with any questions.

Sincerely,

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NJPIRG

Doug O'Malley
Director
Environment New Jersey

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Executive Director
New Jersey Sustainable Business Council

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PHIL MURPHY
Governor

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Lt. Governor

STEFANIE A. BRAND
Director

March 11, 2021

By Electronic Mail (Board.Secretary@bpu.nj.gov)
Honorable Aida Camacho-Welch, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Fl.
P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Clean Energy Programs and Budgets for Fiscal Year 2021 – True-Up, Revised Budgets and Program Changes
BPU Docket No. QO20080539

Dear Secretary Camacho-Welch:

Please accept for filing the attached comments being submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in connection with the above-referenced matter. These comments are being submitted electronically in accordance with the Board's February 23, 2021 and March 8, 2021 Notices in this matter. Copies of Rate Counsel's comments are being provided to all parties on the service list by electronic mail only.

Please acknowledge receipt of these comments.

Thank you for our consideration and attention to this matter.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

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

Enclosure

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IN THE MATTER OF THE CLEAN ENERGY PROGRAMS AND BUDGETS FOR FISCAL YEAR 2021 – TRUE-UP, REVISED BUDGETS AND PROGRAM CHANGES BPU DOCKET NO. QO20080539

Comments of the New Jersey Division of Rate Counsel

March 11, 2021

Introduction

The Division of Rate Counsel ("Rate Counsel") would like to thank the Board of Public Utilities ("BPU" or "Board") for the opportunity to present comments on the proposed Fiscal Year 2021 ("FY21") program changes and revised budgets for the New Jersey Clean Energy Program ("NJCEP" or "CEP") and associated compliance filings.[1] Rate Counsel's comments on the budget revisions and Energy Efficiency ("EE") programs are found below, followed by comments on the Electric Vehicle ("EV"), Distributed Energy Resources ("DER"), and Renewable Energy ("RE") programs.

Budget Items

The CEP's initial budget for FY21 was approved by the Board Order in Docket No. QO20080539 on September 23, 2020 ("Order"), for a nine-month fiscal "year" ending on June 30, 2021. At that time, Board Staff ("Staff") had estimated $33.2 million in uncommitted carryforward funds from Fiscal Year 2020 ("FY20") which would be available to fund FY21 programs. For the current filing, Staff determined that the actual uncommitted carryforward amount from FY20 is $58.5 million, such that $25.3 million in *additional* funds that can be

[1] See Request for Comments: Proposed NJCEP Fiscal Year 2021 True-Up Budget, Budget Revisions and Program Changes, dated February 23, 2021 ("Request for Comments"). The items presented for comment included: New Jersey Clean Energy Program – Proposed Revised Fiscal Year 2021 Budget ("NJCEP Proposed Revised FY21 Budget"); the Division of Clean Energy ("DCE") Compliance Filing ("DCE FY21 Compliance Filing"); the Comfort Partners FY21 Compliance Filing; the TRC FY21 Compliance Filing; and the Charge-Up New Jersey EV FY21 Compliance Filing.

directed towards FY21 programs. Staff has also identified $5.9 million in "Other Revenues," including interest payments and application fees that can be put toward FY21 program expenses. This yields a total additional funding of $31.2 million for FY21 programs, bringing the previously approved FY21 budget of $509.0 million, to a proposed total of $540.2 million.[2] In addition to proposing an allocation of these funds, Staff has proposed to redirect some of the previously-approved NJCEP program funds to reflect program activity during the first calendar quarter of FY21, along with certain changes in program rules and timelines.[3] Finally, Staff has proposed certain changes in its program design to reflect recent changes in technology and cost for energy efficiency measures, specifically Commercial and Industrial ("C&I") lighting measures and heat pumps.

Allocation of Carryover Funds and Other Revenues

As shown on Page 3 of the Request for Comments, Staff has proposed to divide its allocation of these additional revenues roughly evenly between unspecified "State Energy Programs" and NJCEP programs; this would represent more than a 15% increase in the allocation to State Energy Programs, but less than a 4% increase in NJCEP program funding for FY21. Rate Counsel notes that funding for undefined State Energy Programs was already increased by 15% for FY21 relative to FY20, and is opposed to further diversion of these funds, which were collected from ratepayers through a Societal Benefits Charge ("SBC") to promote energy efficiency and renewable energy initiatives. Given the mandates for increased energy savings established by the Clean Energy Act of 2018[4] and in New Jersey's 2020 Energy Master Plan,[5] Rate Counsel believes that a more appropriate distribution of these funds would be to

[2] Request for Comments, tables on pages 2 and 3.
[3] Request for Comments, page 1.
[4] P.L. 2018, c. 17 (N.J.S.A. 48:3-87.8 et al.) Hereinafter "CEA".
[5] https://www.nj.gov/emp/docs/pdf/2020_NJBPU_EMP.pdf. Hereinafter « EMP »

allocate them in their entirety towards additional funding for NJCEP programs. At a minimum, Rate Counsel recommends that the additional funds be divided proportionately between the two major budget categories, such that $25.0 million be allocated to NJCEP programs, and $6.1 million to State Energy Programs. In particular, Staff could allocate these additional funds to help meet the high demand for its C&I buildings program without diverting funding from its residential energy efficiency programs.

CEP Line Item Transfers

Rate Counsel recognizes significant uncertainty in the future demand for NJCEP programs given the ongoing process of transitioning to utility administration of certain programs, such as Energy Efficient Products and Commercial and Industrial Direct Install. Given this, Rate Counsel believes that the proposed line item transfers shown on pages 3 and 4 of the Request for Comments are generally reasonable; however, Staff should consider whether certain cuts, such as the reduction proposed to residential efficiency programs, could be avoided by allocating carryover funds and other revenues as recommended by Rate Counsel (*see* above).

Program Changes

Proposed EE Program Changes

Staff has proposed two changes to its C&I EE program. Under its Large Energy Users Program ("LEUP"), Staff has proposed to institute a limit of 50% to the total savings on any project associated with lighting and/or lighting controls measures.[6] Rate Counsel believes that imposing this limit will encourage participants to focus their investments in broader measures to achieve deeper energy savings and supports this change. Staff and TRC, CEP's implementation vendor, have also proposed changes in certain technical specifications for fuel cells under the

[6] TRC FY21 Compliance Filing (Revised), page 56.

Distributed Energy Resources – Combined Heat and Power program,[7] which Staff describes as "maintain[ing] the status quo of the existing design."[8] Distributed energy resource program are discussed in further detail below.

Finally, Staff has proposed a pilot to allow automatic eligibility for its Comfort Partners program in six low-income neighborhoods across the State.[9] The change will allow customers in these neighborhoods to self-certify their eligibility without extensive paperwork which has been identified as a barrier to their participation. A similar geographic eligibility program has been under discussion in the BPU's Equity Working Group for Low- and Moderate-Income ("LMI") programs that will be administered by New Jersey's utilities. Rate Counsel supports this proposed pilot program.

Plug-In EV Incentive Fund

Staff reports that Phase 1 of its electric vehicle ("EV") incentive program, the Post-Purchase Incentive Program, is underway. Staff expects Phase 2, the Point-of-Sale program, which will allow rebates to be applied automatically to reduce the contract price upon purchase or lease of a new EV, to be implemented in the summer of 2021.[10] Staff further notes that Phase 3, the Electric Vehicle Charger Incentive Program, is "under development."[11] Phase 3 would provide a post-purchase rebate of up to $500 for the purchase of an eligible "single or dual port, level-two, electric vehicle charging equipment capable of capturing data" with a limit of two rebates per applicant and one per property.[12]

[7] *Ibid.,* pages 73, 74 and 76.
[8] Request for Comments, page 8.
[9] Request for Comments, page 9.
[10] Charge-Up New Jersey FY21 EV Compliance Filing, page 4.
[11] *Ibid.*
[12] Charge-Up New Jersey EV FY21 Compliance Filing, page 11.

Rate Counsel acknowledges that the New Jersey PIV Act[13] directed the BPU to "establish and implement a light duty plug-in [EV] incentive program for the purpose of encouraging the purchase or lease of new light duty plug-in [EVs] in the State" at specific incentive levels.[14] However, the PIV Act stated that the Board "may establish and implement a program to provide incentives for the purchase and installation of in-home electric vehicle service equipment" at its discretion.[15]

Rate Counsel notes that EV technology and EV affordability have evolved rapidly, even in the brief two and a half years since the passage of the PIV Act. As an example, many new EVs require only a standard household outlet for Level I charging,[16] or a higher-voltage outlet (such as is commonly used for electric clothes dryers) for Level II charging. Furthermore, all of New Jersey's electric utilities have now filed for approval to administer EV charging incentive programs and two (ACE, PSE&G) have already been resolved by settlements approved by the Board.[17] Consequently, Rate Counsel believes that Staff should be judicious in allocating ratepayer funds for additional EV charger incentives where it is unclear that those funds will affect the customers' decision to purchase an EV.

Staff's proposed incentive would only be available to PIV owners who purchase "electric vehicle charging equipment capable of capturing data, also known as a 'smart' or 'networked' charger."[18] Rate Counsel believes this limitation is a minimum requirement to ensure that the program will provide an incremental benefit, rather than simply providing an additional payment to participants who would have installed an at-home charger without the incentive. However,

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[13] P.L.2019, c.362
[14] N.J.S.A. 48:25-4(a).
[15] N.J.S.A. 48:25-6.
[16] N.J.S.A. 48:25-2 defines "Level One EVSE" to include "a standard wall plug into which the charging cord provided with a plug-in electric vehicle can be connected."
[17] See I/M/O PSE&G EV, BPU Dkt. No. EO18101111; I/M/O ACE EV, BPU Dkt. No. EO18020190; I/M/O RECO EV, BPU Dkt. No. EO20110730; and I/M/O JCP&L EV, BPU Dkt. No. (pending).
[18] Charge-Up New Jersey EV FY21 Compliance Filing, page 11.

Staff has not articulated how it will capture this data and use the smart charging capability, or if it will merely mandate that participants also engage in their electric utility's managed EV charging programs. Rate Counsel believes that Staff should clarify its purpose before it can reasonably devote ratepayer funds to incentives for in-home EV chargers.

Distributed Energy Resource Programs

Combined Heat and Power and Fuel Cells

The NJCEP offers incentives for Combined Heat and Power ("CHP") and fuel cell projects. To qualify for incentives, program applicants must meet a number of eligibility criteria. The FY21 Program Changes and True-up budget proposes to amend the definition of fuel cells to specify certain levels of efficiency.[19] It also proposes to amend the manufacturer diversity caps with the new efficiency definitions, effectively eliminating incentive commitments for fuel cells without heat recovery ("FCwoHR"), and adding incentive commitments for fuel cells with annual system efficiency of greater than 40 percent, but less than 60 percent.[20] The FY2021 budget for Combined Heat and Power ("CHP") and Fuel Cell projects was $24.6 million. The true-up filing reduces this by $1.2 million for a revised FY21 budget of $23.4 million.[21]

Rate Counsel understands that CHPs and fuel cells may contribute to enhancing system resiliency and reliability, but has also previously expressed concerns about ratepayer-funded subsidies for fossil-fueled CHP and fuel cell projects. These are mature technologies with established markets. As part of the ongoing strategic planning process, DCE should carefully evaluate the need for ratepayer-funded subsidies for fossil-fueled CHP and fuel cell projects.

[19] TRC FY21 Compliance Filing, p. 73-74.
[20] TRC FY21 Compliance Filing, p. 76.
[21] NJCEP Proposed Revised FY21 Budget.

Microgrid Development

The Microgrid program responds to the 2015 Energy Master Plan Update's recommendation to increase the use of microgrid technologies to improve grid resiliency and reliability. Phase 1 of the BPU's Town Center Distributed Energy Resources ("TCDER") Microgrid Incentive Program was to implement a feasibility incentive program and conduct feasibility studies. This was completed in FY2020. The BPU funded 13 feasibility studies that Staff reviewed and accepted. The BPU also launched Phase II in FY2020. This consists of incentives for a detailed design of the TCDER Microgrid, with the approved feasibility study participants eligible for Phase II incentives. According to DCE's FY2021 Draft Compliance Filing, eleven applications were received in May 2020 and in FY21 the BPU will review applications and consider awards for detailed design. The Board approved 8 projects for funding out of a $4 million budget at its March 3, 2021 agenda meeting.[22] The top seven ranked projects received full funding, while the eighth-ranked project received partial funding from the remaining funds.

The FY2021 budget for Combined Heat and Power ("CHP") and Fuel Cell projects was $6 million. The FY 21 true-up filing reduces this by $700,000 for a revised FY21 budget of $5.3 million.[23] Rate Counsel supports the recommended budget true-up for this program.

Renewable Electric Storage

The CEA directed the Board, in consultation with PJM Interconnection, LLC, to conduct an analysis and submit a report to the Governor and the Legislature concerning energy storage opportunities in New Jersey.[24] Within six months after the completion of the report the Board

[22] See I/M/O TCDER, BPU Dkt. No. QO16100967.
[23] NJCEP Proposed Revised FY21 Budget.
[24] N.J.S.A. 48:3-87.8(a), (b) & (c).

was directed to "initiate a proceeding to establish a process and mechanism for achieving the State's energy storage goals with a focus on achieving 2,000 MW of energy storage by 2030."[25]

In FY2019 the Board retained Rutgers University to conduct an analysis of energy storage in New Jersey. The Board accepted the final report on June 12, 2019.[26] DCE's Compliance Filing states that the Board initiated a proceeding to establish a process and mechanism for achieving the CEA's energy storage goals during the 5th quarter of FY2020.

The FY2021 budget included $7 million in funding for grants and administration of the new energy storage program. However, the FY21 true-up budget removes this $7 million and the compliance filing simply notes that the Board will continue its efforts to develop a program to meet the goals of the CEA. Rate Counsel supports the CEA's energy storage goals. However, since this program is at an early stage of development, no details of the program are available. For this reason, Rate Counsel is not able to comment on the removal of the $7 million budget item.

Renewable Energy Programs

Solar Transition/SREC Registration

In accordance with the CEA, the Board's Solar Renewable Energy Certificate Registration ("SREC") Program was closed to new applications when 5.1% of the kilowatt-hours sold within the New Jersey came from solar electric generators connected to the State's electric distribution system (the"5.1% milestone").[27] The Board determined that the 5.1% milestone

[25] N.J.S.A. 48:3-87.8(d).
[26] DCE FY21 Compliance Filing, p. 8.
[27] N.J.S.A. 48:3-87(d)(3).

would be reached before May, 2020 and accordingly closed the SREC Program to new applications after April 30, 2020.[28]

The Board is currently engaging in a process to transition to a new Successor Solar Program. An extensive stakeholder proceeding was conducted to evaluate options and recommendations as to how the SREC program should be replaced, and the Board will determine the details of the Successor Program. In the interim, the Board approved a Transition Incentive Program to provide a bridge between the legacy SREC program and a new Successor Program. This Transition Program was approved in December 2019 and further amended by orders in January and February 2020, and opened to new applicants on May 1, 2020. The Transition Program will remain open until the Successor Program is established.[29]

The proposed SREC Registration Program budget is $2.1 million for administration, processing, and related activities by TRC.[30] Rate Counsel supports the recommended budget for this program.

Offshore Wind

The FY21 budget for offshore wind ("OSW") of $4.16 million was to support the evaluation of OSW Renewable Energy Certificate ("OREC") applications as well as modeling work performed by Rutgers Department of Marine and Coastal Sciences.[31] The FY21 true-up adds $15.4 million to the offshore wind budget that reflects two changes. First, the Board and the South Jersey Port Corporation ("SJPC") entered into a Memorandum of Understanding ("MOU") to support the development of manufacturing facilities in New Jersey to support the

[28] I/M/O the Closure of the SREC Registration Program Pursuant to P.L. 2018, c. 17and I/M/O a New Jersey Solar Transition Pursuant to P.L. 2018, c. 17 – Calculation of 5.1% Milestone for SRER Program Closure, BPU Dkt. Nos. QO18070698 & QO19010068 (Apr. 6, 2020).
[29] TRC FY21 Compliance Filing, p. 78.
[30] NJCEP Proposed Revised FY21 Budget.
[31] DCE FY21 Compliance Filing, p. 4.

growing offshore wind industry. The MOU enables the transfer of $1.8 million in Societal Benefits Charge ("SBC") funding to the SJPC. Rate Counsel supports this recommended budget addition.[32]

Also, Board Staff anticipates recommending the Board enter into an MOU with the Economic Development Authority ("EDA") to support a portion of the development and related expenses of the New Jersey Wind Port. This will also enable the transfer of SBC funds, totaling $13.2 million, which will directly support the development of the Wind Port. Rate Counsel supports this recommended budget addition to the FY21 true-up.[33]

[32] DCE FY21 Compliance Filing, p. 4.
[33] DCE FY21 Compliance Filing, p. 4.

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March 9, 2021

VIA ELECTRONIC MAIL
Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625
energyefficiency@bpu.nj.gov

Re: Request for Comments - Proposed NJCEP FY21 True-Up Budget, Budget Revisions and Program Changes

Dear Secretary Camacho-Welch:

The New Jersey Utilities Association ("NJUA") represents investor-owned utilities that provide electric, natural gas, telecommunications, water and wastewater services to residential and business customers throughout the State. I am writing on behalf of the electric and natural gas companies ("the utilities") that are members of the NJUA in response to the February 23, 2021 request from the Staff of the Board of Public Utilities ("Board") to provide comments on the proposal for New Jersey's Clean Energy Program™ ("NJCEP") Fiscal Year 2021 ("FY21") True-up Budget, Budget Revisions and Program Changes.

Comfort Partners Pilot

The utilities would like to express strong support for the proposed location-based eligibility pilot for NJCEP Comfort Partners program. The pilot will streamline the enrollment process for many eligible customers, making it easier for customers to participate and reducing the administrative costs associated with income verification. As many stakeholders noted during the course of the Clean Energy Act ("CEA") proceeding, we need to find new ways to reduce barriers to participation as we seek to meet the ambitious energy reduction targets established by the CEA. Starting this pilot as soon as possible will not only enhance the Comfort Partners program, but also inform similar strategies for new utility programs that strive to make it easier for low to moderate income customers to pursue energy-efficiency upgrades.

Utility Involvement in EM&V Process

The Division of Clean Energy's Compliance filing included a summary of planned evaluation activities during FY21. While there is a footnote referencing that evaluations started in FY21 may or may not be completed in that same fiscal year, it is not clear whether all of these activities will be initiated

within FY21. The utilities certainly recognize the incredible workload that Board staff has faced over the past year as they advance the CEA transition. Given that the continued heavy workload and the pending launch of the formal Evaluation Measurement and Verification ("EM&V") Working Group, the utilities suggest that any of the planned studies that have not been initiated should be postponed and integrated into the upcoming EM&V Working Group planned activities to increase the applicability and usability of those studies for both state and utility programs going forward. The new environment under the CEA structure calls for a collaborative process in selecting the evaluation studies to be performed and defining the scope and timing of these studies. The EM&V Working Group will comprise Staff, Rate Counsel, the utilities, third-party evaluation contractors and the statewide evaluation manager who will provide broad experience, input and guidance to benefit what will be evaluated and how it will be approached. Additionally, the State will be in a better position to advance the studies and support stakeholder discussions on these issues when the statewide evaluation manager is in place.

Thank you again for the opportunity to participate in this process.

Sincerely,

Thomas R. Churchelow, Esq.
President
New Jersey Utilties Association