

New Jersey Energy Master Plan
Strategy Template
2005-2020

South Jersey Energy Solutions--Facility Efficiency Incentives

SUBMITTED BY

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Objective

Goals 1 (Electricity, Heat Efficiency, Reduce Demand) and 2 (Job Growth, Energy Efficiency)

Strategy

Revise Energy Efficiency Incentive Program

NJBPU makes incentive dollars available to certain customers who undertake energy efficiency improvements to their facilities. Energy specialists provide such services to residential and commercial customers in New Jersey.

Impeding maximum program effectiveness is the reality that where commercial facilities are involved, the ratepayer/utility customer is very often a tenant and not the owner of the building where his or her business is located. As a result, while the ratepayer/utility customer might wish to make energy efficiency improvements in order to reduce high utility bills, he or she is generally reluctant to spend significant dollars to improve a building that is owned by another. At the same time, since the owner of the building is not the utility ratepayer, he or she has little incentive to improve the building for the financial benefit of another. This situation results in the *inefficient use of energy* in structures which are generally large and energy intensive.

On the residential side, while some financial assistance is available today, these dollars are limited. To maximize energy conservation benefits, SJES recommends that a State level program be established to incent individuals to invest in energy system improvements. Such a program would increase awareness of the need for conserving energy and the availability of additional dollars for such purpose would complement current initiatives.

SJES proposes that this strategy might be implemented by way of the following:

- Adoption of ratemaking approaches such as an inverted block rate structure on residential heat ratepayers whose use exceeds a specific heat related level of consumption
- The additional proceeds would be collected through this rate structure and placed into a fund which would provide low interest loans and/or grants to those seeking to undertake holistic energy efficiency improvements.
- The Fund would be administered by each utility so that low interest loans might be provided to businesses in that utility's service territory to undertake energy efficiency improvements *or*
- The provision of financial assistance from the Fund would be overseen by the EMP oversight office to be established at the NJBPU *or*
- A non-profit corporation would be established to administer the funds (i.e. the Vermont/Oregon/New York model)

In addition to the potential for providing significant energy savings, the above would serve as a source of increased business for those in the energy audit business as well as those in the energy efficiency installation business. Also, among the alternatives available to homeowners and landlords alike would be solar energy so this strategy might serve to spur interest in "renewables" as well. It would also lower utility bills for residential/commercial/industrial "tenants" thus improving NJ's situation as position as a financially challenging state for living and doing business. The availability of residential and commercial/industrial space in NJ with reasonable utility costs would potentially assist NJ in attracting and maintaining business to the betterment of the state's overall economy.

Responsible Party

Administration (NJBPU, NJ Dept. of Community Affairs), Legislature (if it is determined that EDECA amendments are required), Utilities and others

Timeline of action

The timing of this strategy's implementation would depend upon the form the program might take and the extent to which regulatory, legislative or other changes are required.

Strategy outcome

- Reduced energy consumption
- Enhanced business opportunities for energy service providers
- Positive impact on the labor market

Implementation cost

Administrative costs would depend upon what entity is administering the program, i.e. utility vs. BPU vs. non-profit corporation, with the goal being determining which would be the most cost effective approach.

Source of Funding

Charge applied through utility rates on residential heat customers who consume natural gas inefficiently.

Funding sources	Yes	No
Private sector funds		X
Public sector funds		X
Consumer/ratepayer Funds	X	

Indicators

Measures are a comparison of how many facilities are retrofitted for energy efficiency going forward vs. experience in past years. Also, utilities have data as to what average use thresholds should be for an individual residential ratepayers as established in CIP programs for SJG and NJNG in recent NJBPU orders. This data can be compared with projected targets.

Another measure would be workload of energy auditors and energy installers. Expectations are a burgeoning industry and a positive impact on the economy and jobs.

Source

A. Current state of indicator

This information is being developed through other energy conservation programs

B. Indicator Projection to 2020.

Too early to determine results of definable metrics now. However, data can be monitored and evaluated as it comes in and each year projections can be refined based upon such data.

