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NOTICE¹

New Jersey Energy Efficiency Transition

Staff Stakeholder Notice (“Stakeholder Notice”)

Pursuant to the “Open Public Meetings Act,” N.J.S.A. 10:4-6 et seq., the New Jersey Board of Public Utilities (“NJBPU” or “Board”) hereby gives notice of a Public Stakeholder Meeting to discuss the New Jersey Energy Efficiency Transition.

Board Staff is scheduling a stakeholder meeting regarding the New Jersey energy efficiency transition and will receive comments concerning the administration of energy efficiency and peak demand reduction programs in New Jersey’s next generation energy efficiency program at the following date, time, and place:

Date: September 25, 2019
Time: 10:00 a.m. to 12:30 p.m.
Location: Thomas Edison State College
Prudence Hall
111 W. State St.
Trenton, NJ 08608

Background

On May 23, 2018, Governor Phil Murphy signed into law P.L. 2018, c. 16 (C.48:3-87.3-87.7) (“Act”). N.J.S.A. 48:3-87.9 requires public utilities in the state to reduce the use of electricity and natural gas in their service territories. Specifically, the Act states that, by May 23, 2019, the Board shall require (a) each electric public utility to achieve, within its territory by its customers, annual reductions of **2 percent of the average annual electricity usage** in the prior three years within five years of implementation of its electric energy efficiency program; and (b) each natural gas public utility to achieve, within its territory by its customers, annual reductions in the use of natural gas of **0.75 percent of the average annual natural gas usage** in the prior three

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years within five years of implementation of its gas energy efficiency program. N.J.S.A. 48:3-87.9(a).

To this end, the law required the Board to conduct and complete a study to determine the energy savings targets for full economic, cost-effective potential for electricity and natural gas usage reduction, as well as the potential for peak demand reduction by the customers of each utility and the timeframe for achieving the reductions. N.J.S.A. 48:3-87.9(b).

The law also requires the Board to adopt quantitative performance indicators for each electric and gas public utility that establish reasonably achievable targets for energy usage reductions and peak demand reductions and take into account the public utilities' energy efficiency measures and non-utility energy efficiency measures. N.J.S.A. 48:3-87.9(c).

In addition, the law requires that:

“f. (1) The board shall establish a stakeholder process to evaluate the economically achievable energy efficiency and peak demand reduction requirements, rate adjustments, quantitative performance indicators, and the process for evaluating, measuring, and verifying energy usage reductions and peak demand reductions by the public utilities.”
N.J.S.A. 48:3-87.9(f).

Consistent with N.J.S.A. 48:3-87.9 (b), on December 18, 2018, the Board authorized the Division of Clean Energy to enter into a contract with Optimal Energy, Inc. (“Optimal” or “consultant”) to complete a study and develop recommendations consistent with the law. Since the contract kickoff on January 25, 2019, the consultant has worked with Staff and stakeholders through a series of four stakeholder meetings to develop the draft Energy Efficiency Market Potential Study (“EE Study” or “Study”), which was issued on May 9, 2019. Public comments on the draft EE Study were accepted through May 16, 2019. Both public comments and the final “Energy Efficiency Potential in New Jersey” study are available on the New Jersey Clean Energy Program website. <http://www.njcleanenergy.com>

Additionally, the Board solicited input related to energy efficiency and peak demand reduction at a Public Meeting on February 1, 2019, and accepted written comments through February 15, 2019. The Public Notice invited stakeholders to respond to a series of questions related to New Jersey’s energy efficiency and peak demand reduction programs in reference to the following matter:

IN THE MATTER OF THE IMPLEMENTATION OF P.L. 2019, C. 17
REGARDING THE ESTABLISHMENT OF ENERGY EFFICIENCY AND
PEAK DEMAND REDUCTION PROGRAMS - DOCKET NO. QO19010040

On May 28, 2019, the Board of Public Utilities adopted the energy savings targets for both electric and gas utilities and the Qualitative Performance Indicators (“QPIs”) provided by Optimal’s study as preliminary, pending a final Staff recommendation. The Board also established the Energy Efficiency Advisory Group (“Advisory Group”) and its role as an advisor to Staff. The Board further directed Staff to initiate a stakeholder proceeding to receive

comments and recommendations from interested parties related to the establishment of energy efficiency and peak demand reduction programs to meet the targets outlined in N.J.S.A. 48:3-87.9.

Next Steps

NJBPU Staff hereby announces the next phase of stakeholder engagement on energy efficiency.

Staff is developing a responsive stakeholder process that will include guidance from the Advisory Group and provide a platform for engagement and public input throughout the design of the programs and implementation. Staff expects to provide at least five future stakeholder meetings on topics that may include but are not limited to: program structure; administration and oversight; funding and budget; cost recovery; performance incentives and penalties; application of utility targets and utility specific QPIs; demographic analysis; cost benefit analysis and evaluation, measurement, and verification; filing and reporting requirements; and peak demand response.

New Jersey's Next Generation Energy Efficiency Program – Assumptions, Overview, and Open Issues

The Board will solicit input throughout the development of the new energy efficiency program, with the following program structure assumptions and goals:

1. Access to energy efficiency programs for all market segments and for all New Jersey residents and businesses, regardless of geographic location;
2. Decreased energy burdens for lower income customer and environmental justice communities;
3. Increased access to energy efficiency opportunities through promoting and expanding energy efficiency for customers and communities with low and moderate income levels;
4. Increased accountability and reporting of spending and savings related to energy efficiency and peak demand reduction;
5. Reduced costs for energy saved through reliable and consistent program delivery;
6. Reduced administrative costs passed through to ratepayers; and
7. Expanded job opportunities and increased economic benefits of energy efficiency for New Jersey.

In pursuit of the above and in concert with the ongoing stakeholder process, Board Staff will utilize an independent consultant to make recommendations on the following, among other issues:

- a. How State energy savings will count towards the utilities' targets;

- b. Potential cost recovery mechanisms as well as statutorily-mandated penalties for failure to meet the established targets; and
- c. Utility-specific QPI implementation and metrics.

Stakeholder Engagement Process

Beginning in January 2019, Board Staff solicited input on several energy efficiency questions as a starting point for further deliberation related to the future of energy efficiency programs in New Jersey. Board Staff wishes to continue to bring together all interested stakeholders for engagement on critical open issues.

Going forward, Board Staff proposes the following schedule in order to consider options for new and continued energy efficiency and peak demand reduction programs, thoroughly engage with stakeholders, and comply with statutory requirements. In order to accomplish the ambitious timeline, the Board will utilize the expertise of an independent consultant, as well as a robust stakeholder process.

Program Design Timeline

September 25, 2019:

Stakeholder Meeting: Program Administration

Fall 2019 – Spring 2020:

Stakeholder meetings on various program design and implementation topics

Early Spring 2020:

Program Design Straw Proposal Released for public comment

Late Spring 2020:

Board directs utilities to submit energy efficiency program filings

Late Summer/Early Fall 2020:

Utilities submit filings

Winter 2020 – Spring 2021

Board reviews utility filings

July 2021:

New energy efficiency programs go into effect

Energy Efficiency Next Generation – Outcomes

Board Staff anticipates the following outcomes as a result of this stakeholder process and deliberation by the Board:

- Parameters for program filings and program requirements;

- Established, consistent methods for both cost-benefit analysis and energy-savings calculations;
- Requirements for reporting on program performance and energy savings;
- Established cost-recovery mechanisms and process, including the timeline and structure for performance incentives and penalties;
- Utility-specific QPIs; and
- Timeline and process for periodic QPI review.

The first stakeholder meeting on the New Jersey energy efficiency transition has been scheduled at the following date, time, and place:

Date: September 25, 2019
Time: 10:00 a.m. to 12:30 p.m.
Location: Thomas Edison State College
Prudence Hall
111 W. State St.
Trenton, NJ 08608

Members of the public are invited to attend and present their views. Please note that this stakeholder meeting is limited to comments concerning the administration of energy efficiency and peak demand reduction programs in New Jersey's next generation energy efficiency program.

In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations for disabled citizens to the Office of the Secretary of the Board at (609) 777-3300 at least 48 hours prior to the scheduled meeting so that appropriate arrangements can be made.

Members of the public may file written comments with the Secretary of the Board of Public Utilities at 44 South Clinton Avenue, 9th Floor, Post Office Box 350, Trenton, New Jersey 08625-0350

Attn: Aida Camacho-Welch, regardless of whether they attend the public meetings. Written comments may also be submitted electronically to EnergyEfficiency@bpu.nj.gov in PDF or Word format. All comments must be received on or before Friday, October 4, 2019.



Aida Camacho-Welch
Secretary of the Board

Dated: September 13, 2019