March 20, 2019

Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 S. Clinton Avenue
Trenton, New Jersey 08625

Re: Comments to the NJ Energy Storage Analysis

Dear Secretary Camacho-Welch:

On behalf of Direct Energy and Centrica Business Solutions ("Direct Energy" or "CBS"), I am writing to provide comments to the NJ Energy Storage Analysis pursuant to Notice dated March 6, 2019. Direct Energy is one of the largest retail power and gas suppliers and energy services companies in North America and is a licensed TPS in New Jersey serving approximately 80,000 customers either directly or through municipal aggregation programs. We operate in all 50 states plus the District of Columbia and 4 Canadian provinces and are proud to have nearly 4 million customer relationships, more than any other competitive retail supplier in North America. Our parent company is UK-based Centrica, plc (formerly known as British Gas), a Global Fortune 500 company. CBS helps customers harness the power of distributed energy across three key strategy areas – energy insight; energy optimization; and energy solutions, including combined heat and power ("CHP"), solar, battery storage and standby generators.

**Overall Comments**

As an overarching issue, any final policy of the State of New Jersey must consider that since the passage of the Electric Discount and Energy Competition Act ("EDECA") in 1999, a large and significant competitive market has emerged and developed to meet many of New Jersey’s energy needs. Private companies like Direct Energy and CBS are often better positioned than public utilities to develop and commercialize new technologies and services. Whether it be smart home technologies, combined heat and power ("CHP"), commodity and time-of-use type offers, solar products, energy measurement and management products/services, or storage the competitive market is ready and able to help solve the state’s energy goals. **Thus, the preferred policy of the State of New Jersey should be to encourage and incent the investment of private capital (where shareholder’s properly hold the risk) as opposed to condoning the use of ratepayer dollars by the state’s public utilities, thus socializing cost and risk on the residents of NJ while privatizing profits for the shareholders of New Jersey’s utility companies.**

To judge how important the competitive market is to New Jersey, one must only look at the most recent switching statistics as posted on the New Jersey Board of Public Utilities ("NJBPU") website for December 2018. For the power sector, over 339,013 residential and 149,399 commercial and industrial ("C&I") accounts are with Third Party Suppliers ("TPS") totaling ~37% of the total electric load. For the gas sector, 119,283 residential and 52,047 commercial accounts are with TPS totaling ~23% of the total load. These numbers demonstrate that while additional penetration by TPS can be accomplished, the competitive market is alive and well in New Jersey and the state should be driving additional development of the competitive market to benefit all energy consumers.
Finally, New Jersey should look at other states that have considered energy storage already and adopt best practices from those states’ efforts. As an example, New York’s Energy Storage Roadmap developed in mid-2018 is a robust and technically sound template which New Jersey should consider mirroring as closely as possible, particularly the recommendations on competitive procurement and third-party ownership of storage.

Direct Energy/CBS’s additional comments to several of the Notice questions are contained below:

10. Direct Energy/CBS propose that the definition of Energy Storage within the Energy Storage Analysis be defined such that eligible energy storage systems include chemical, thermal, or mechanical storage systems.

11. Direct Energy/CBS believe that different discharge time systems are valuable for different grid and customer usages, so mandating a single duration standard for compliance would not be recommended. Given the research in other jurisdictions (e.g. Astrape in NY) pointing to the capacity value of four-hour storage, one option would be to convert the 600MW and 2000MW into relevant MWh targets (2400MWh and 8000MWh) and incentivize systems according. For example, offer a declining-block $/MWh incentive at 100% for the first four hours, 50% for hours five and six, and 0% for further hours. This would balance between the various duration demands on the system.

12. Direct Energy/CBS believe that systems placed into operation after publication of final program rules, or after the May 23, 2018 enactment date of the statute, would be a reasonable benchmark for inclusion.

13. Direct Energy/CBS believes New Jersey should support efforts towards a FERC order on aggregated DER because well-written rules around aggregation allow for additional value to be created for system operators, utilities and stakeholders. At its core, aggregation allows individual resources who cannot reliably meet specific program requirements on their own to be utilized as part of an aggregate that can be more reliable in delivering value. We have seen this in multiple markets, especially in Europe where not only is the risk of a single asset failure minimized, but the delivery of key services is proven more efficient by allowing a wider and more diverse set of resources to participate in the market.

Direct Energy/CBS appreciates the opportunity to offer these comments and suggestions and looks forward to working with the NJBPU and staff to produce an Energy Storage Analysis that recognizes the value of competitive markets in achieving the state’s energy storage goals.

Thank you for your consideration and should there be any questions, please do not hesitate to contact me on my mobile phone at 732-259-0233 or at Robert.Gibbs@directenergy.com.

Very truly yours,

Robert L. Gibbs
Director, Corporate & Regulatory Affairs

Via electronic delivery