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**Remarks of Felicia Thomas-Friel, Deputy Rate Counsel
on behalf of Stefanie A. Brand, Director of the NJ Division of Rate
Counsel,
Regarding the FY2016 Comprehensive Resource Analysis Straw
Proposal and Budget
Public Hearing before the NJ Board of Public Utilities
on May 22, 2015**

Good morning. My name is Felicia Thomas-Friel and I am a Deputy Rate Counsel with the New Jersey Division of Rate Counsel. I am appearing here on behalf of Director Stefanie A. Brand and would like to thank the NJBPU Commissioners and Director of the Office of Clean Energy for this opportunity to present our preliminary comments today concerning the FY2016 CRA Straw Proposal and budget. Our office will submit more comprehensive comments on the Straw Proposal and budgets for the renewable energy and energy efficiency programs by May 29th.

As you are aware, the Division of Rate Counsel represents and protects the interest of all utility consumers—residential customers, small business customers, small and large industrial customers, schools,

libraries and other institutions in our communities. Our office has been closely involved in and participating with the OCE in the development of the clean energy programs from their inception. Based upon our initial and preliminary review of the OCE's straw proposal, Rate Counsel would recommend the OCE and the NJBPU consider the following –

Renewable Energy Programs:

- Since FY2014, the NJBPU transitioned the Biomass Program from a rebate-based initiative to a competitive solicitation process. Based on the changes made to the solicitation process for FY2016 as outlined by the Market Manager in their Compliance filing, Rate Counsel will reserve any additional comment on the merits of this program until the results of the next solicitation are made available.
- The OCE is proposing to increase the budget for the Energy Storage Program to \$6 million for FY2016; a doubling of the FY2015 budget. In a recent OCE proposal that is pending comment from the Energy Storage Program stakeholder working group, Rate Counsel is currently reviewing the transition from a solicitation process to open enrollment for projects. Rate Counsel has initial concerns with the return to a less competitive method to secure viable, cost-effective projects using ratepayer funding. Upon further

review of the OCE proposal, Rate Counsel will submit a more complete review of the Energy Storage Program.

Energy Efficiency Program:

- The recommendation in the straw proposal for evaluation seems to be reduced from the FY2015 level, or \$5.2 million to \$4.2 million. Rate Counsel would strongly suggest that, at a minimum, the FY2015 budget level be maintained for evaluations and investigate whether other program adjustments can be made to accommodate this level. Program evaluations are critical to properly measuring the actual benefits and value of energy efficiency programs.
- Based on the level of participation, the CHP/Fuel Cell Program budget was reduced to \$14.8 million for FY2016 with recommendations by OCE to further review the design of the program. Rate Counsel supports this recommendation.
- Concerning the Comfort Partners Program, Rate Counsel is concerned that the Apprise, Inc. evaluation revealed fundamental weaknesses with audit and installation procedures, as well as insufficient energy savings. Rate Counsel will complete its review of the FY2016 Straw Proposal recommendations and provide more

detailed analysis, but urge the Board to take a close look at the Apprise evaluation.

- Regarding the recommendation for OCE to actively promote offering energy savings from EE programs into the PJM capacity markets, Rate Counsel is in agreement. Recognizing that a recent appellate court decision concerning the treatment of demand response and EE programs is currently pending review by the US Supreme Court, Rate Counsel will continue to advocate for such treatment of energy savings for the benefit of ratepayers.

I thank you very much for the opportunity to testify today. I am available to answer any questions.