



Agenda Date: 10/20/10
Agenda Item: 8A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center – Suite 801
Newark, NJ 07102
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF CLEAN ENERGY PROGRAM
2009-2010 PROTOCOLS TO MEASURE RESOURCE)
SAVINGS – APPROVAL OF REVISIONS)

ORDER

DOCKET NO. EO09120975

Cynthia Holland, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et al. (EDECA) was signed into law. The Act established requirements to advance energy efficiency and renewable energy in New Jersey through the societal benefits charge (SBC), at N.J.S.A. 48:3-60(a)(3). EDECA further empowered the Board to initiate a proceeding and cause to be undertaken a comprehensive resource analysis of energy programs, currently referred to as the comprehensive energy efficiency (EE) and renewable energy (RE) resource analysis (CRA). After notice, opportunity for public comment, public hearing, and consultation with the New Jersey Department of Environmental Protection (NJDEP), within eight months of initiating the proceeding and every four years thereafter, the Board would determine the appropriate level of funding for EE and Class I RE programs (now called New Jersey's Clean Energy Program or NJCEP) that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of February 9, 1999.

By Order dated September 30, 2008, Docket No. EO07030203, the Board concluded its third CRA proceeding and set funding levels for the years 2009 through 2012. By Order dated December 17, 2009, Docket No. EO07030203, the Board approved 2010 programs and budgets. By Orders dated April 21, 2010, June 21, 2010, August 24, 2010, and October 5, 2010, Docket No. EO07030203, the Board approved modifications to the 2010 programs and budgets. By Order dated December 16, 2009, Docket No. EO09120975, the Board approved a document entitled *Protocols to Measure Resource Savings* (Protocols) dated December 2009. These are the most recent Protocols approved by the Board and used by the program managers to estimate energy savings and renewable energy generation.

The Protocols include algorithms for measuring energy and other resource savings or renewable or clean energy generation that result from implementation of New Jersey's Clean Energy Program. The Protocols require updating from time to time as baselines against which energy savings are measured are changed due to upgrades in energy codes or appliance efficiency standards, as programs are added or changed, as a result of program evaluations, or due to other changes in the assumptions used to measure resource savings. In this Order the Board will consider proposed modifications to the Protocols that primarily reflect the addition of new measures that are included in the new programs or program components that are funded with federal American Recovery and Reinvestment Act of 2009 (ARRA) funds.

PROPOSED REVISIONS TO PROTOCOLS

Certain ARRA funded programs included new measures such as oil and propane fueled heating systems that were not addressed in the Protocols approved by the Board in December 2009. Therefore, the Office of Clean Energy (OCE) asked the Market Managers, Honeywell and TRC, to submit any additional protocols that were required for ARRA funded programs or measures. Applied Energy Group (AEG), the NJCEP Program Coordinator, compiled the proposed additions to the Protocols prepared by the Market Managers and prepared a redlined draft that identified all of the proposed modifications to the Protocols.

On August 4, 2010 the OCE circulated the redlined draft of the Protocols to the Energy Efficiency and Renewable Energy committee distribution lists, including the Department of the Public Advocate, Division of Rate Counsel (Rate Counsel), the State's electric and natural gas utilities, the New Jersey Utilities Association (NJUA), environmental groups, and local governments. The OCE requested comments on the draft Protocols by August 20, 2010. Several groups submitted comments, which are summarized below.

SUMMARY OF COMMENTS

Comments were submitted by Rate Counsel, the New Jersey Housing and Mortgage Finance Agency (NJHMFA), Pepco Holdings, OPOWER, Ocean City Utility Advisory Board, and the City of Newark. The following summarizes the written comments received.

Rate Counsel stated that the Protocols set out a list of the uses of the Protocols including "Calculation of lost margin revenue recovery (as approved by the Board)." Rate Counsel objected to the inclusion of this item and cited language from the Board's August 7, 2009 Board Order that approved the June 2009 Protocols that stated: "including a reference to the use of the Protocols to calculate lost margin revenues does not presume Board approval of such recovery" and "that in the event it approves such recovery, it is not bound to use these protocols in calculating any recovery."

Response: This issue has been raised by Rate Counsel on multiple occasions in comments regarding previously approved Protocols and addressed by the Board in the previous two Orders approving the Protocols. The OCE believes the previous Board Orders stand on their own and does not believe that this issue needs to be revisited herein.

Rate Counsel raised issues about savings assumptions for the Residential HVAC program and ENERGY STAR Products program. Specifically, Rate Counsel stated its belief that oil savings attributable to the Residential HVAC program are too high, electricity savings for the ENERGY

STAR Refrigerator program are too high, and assumptions need to be completely referenced for the ENERGY STAR Products program.

Response: Honeywell responded that the proposed Protocols incorporate savings estimates issued by the US Department of Energy's as part of the State Energy Efficient Appliance Rebate Program (SEEARP). Given that the proposed savings levels are based on US DOE estimates, the OCE believes they are appropriate. Additional references were added to the Protocols to address this comment.

Rate Counsel, NJHMFA, and Pepco submitted a number of specific editorial comments. The vast majority of the editorial comments were incorporated into the final draft of the Protocols.

OPOWER submitted comments relating to whether there have been behavior-based programs submitted and whether utilities can submit them for inclusion.

Response: Staff notes that the Protocols include energy savings estimates for existing programs only. If and when the Board approves any behavior-based program associated protocols can be added.

The Ocean City Utility Advisory Board questioned whether the Protocols deal with specific locational benefits of solar PV or combined heat and power projects.

Response: The Protocols are used to estimate the level of energy savings or electric generation that result from the installation of a measure. The benefits of such savings or generation are outside of the scope of the intended use of the Protocols.

The City of Newark raised several issues including the integration of EPA's ENERGY STAR Program, offset verification standards, whether utilities are held to the same Protocol standards as state programs, incremental costs of measures, and contractor understanding of the Protocols.

Response: The Market Managers review other federal standards such as EPA's ENERGY STAR Program when developing protocols and attempt to be consistent with such federal programs where appropriate. Utility programs utilize the same Protocols for estimating savings from their programs. The Protocols estimate energy savings/generation only and therefore incremental costs are outside of the scope of the intended use of the Protocols. Staff is not aware of any issues regarding contractors understanding of Protocols.

DISCUSSION AND FINDINGS

The Board believes that the Protocols should be updated from time to time so that they are current with federal and State codes and standards, are reflective of current technologies and building practices and other changes in the marketplace, including the addition of new NJCEP programs and program components. Staff circulated a revised draft of the Protocols and solicited input on the proposed changes and was ultimately successful in reaching a general consensus regarding proposed changes to the Protocols.

The Board **FINDS** that the proposed Protocols include a reasonable methodology and are appropriate for estimating energy savings and renewable and distributed generation. The Board supports ongoing program evaluation to inform additional updates to the Protocols and **DIRECTS** the OCE to continue coordinating the development of an evaluation plan. Based on the above, the Board **HEREBY APPROVES** the Protocols for Measuring Resource Savings dated September 2010 for use in estimating savings from 2010 program measures.

DATED: 10/20/10

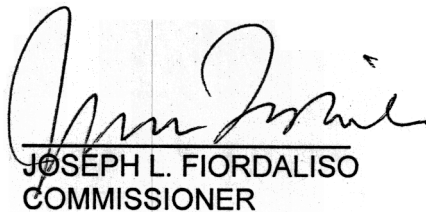
BOARD OF PUBLIC UTILITIES
By:



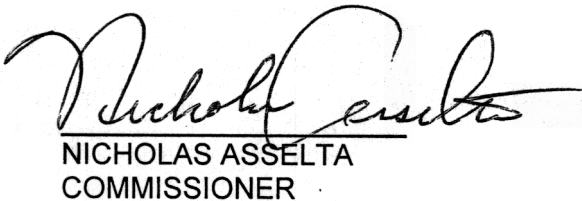
LEE A. SOLOMON
PRESIDENT




JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER

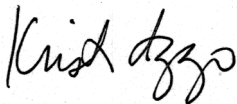


NICHOLAS ASSELTA
COMMISSIONER



ELIZABETH RANDALL
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities

