

## **NEW JERSEY BOARD OF PUBLIC UTILITIES**

### **COMMENTS OF CONSOLIDATED EDISON SOLUTIONS, INC. ON ACHIEVING ENERGY EFFICIENCY WITHIN EXISTING BUILDINGS**

At the September 5, 2007 meeting to discuss energy efficiency in existing buildings, the BPU Staff invited the interested parties to provide comments on how best to achieve energy efficiency measures within existing buildings.

Consolidated Edison Solutions, Inc. (“CES”) applauds Staff’s efforts to explore options to achieve energy efficiency within existing buildings and agrees with the general consensus expressed at the September 5, 2007 meeting that achieving a 20 percent reduction in energy efficiency by 2020 will require significant efforts and initiatives on multiple fronts. Accordingly, CES believes that the best way to achieve significant energy efficiency is to ensure that programs are competitively neutral and allow customers to choose from as broad a group of potential energy efficiency technologies and suppliers.

#### **CORPORATE BACKGROUND**

CES is a retail energy provider serving more than 200,000 residential, commercial and industrial customers throughout the Mid-Atlantic, Northeast and Texas, including approximately 10,000 green power customers. In addition to supplying retail electricity, CES offers its customers a number of energy related services, including demand response and energy conservation services, renewable energy and other distributed energy products.

#### **CUSTOMERS’ EXISTING VENDOR RELATIONSHIPS ARE ESSENTIAL TO ACHIEVING PROGRAM GOALS**

Many commercial and industrial customers maintain business relationships with equipment vendors and energy services providers. These existing relationships provide a natural synergy for pursuing future energy efficiency projects. While many customers have been pursuing energy efficiency improvements, those decisions are typically based on the individual customer’s financial criteria and their comfort level with the proposed technologies. With the potential for additional financial assistance from state and/or

utility incentive programs, CES believes that most customers would readily pursue additional efficiency projects and, with their existing vendor / provider relationships, could do so in a relatively expeditious fashion. Therefore, CES would recommend that the BPU design energy efficiency programs to allow customers to choose from a broad group of potential energy efficiency technologies and suppliers, including their existing equipment vendors and service providers.

### **EXPANSION OF HOURLY PRICING PROGRAMS INCLUDING WHOLESALE SETTLEMENT OF HOURLY USAGE IS ESSENTIAL TO ENCOURAGE EFFICIENT USE OF ELECTRICITY**

Because the efficiency of generating plants can vary more than two-fold and their emissions impact can vary based on fuel, CES would recommend that New Jersey also consider expansion of hourly pricing programs as a market based tool to improve the overall efficiency associated with electricity use. Traditionally, hourly pricing has been promoted to achieve economic efficiencies through avoiding the operation of more expensive peaking generation. However, hourly pricing can also produce true efficiency benefits both within a customer's facility as well as at the generating plants that provide the electricity. From a customer's perspective, shifting discretionary loads from peak to off-peak periods during the summer can reduce a customer's air conditioning needs. From a supply perspective, electric usage during peak periods is typically provided by peaking generators with efficiencies of 25% or lower. In contrast, there may be surplus base-load generation during off-peak periods that can have generating efficiencies approaching 50%. This suggests that hourly pricing can be a useful tool to improve energy efficiency when considering generating efficiencies in a holistic approach to energy usage.

### **UTILITIES CAN AND SHOULD PLAY AN ESSENTIAL ROLE PROMOTING ENERGY EFFICIENCY AMONG RESIDENTIAL CUSTOMERS**

Currently there have been very low levels of customer migration among residential customers. This suggests that, initially, traditional distribution utilities may be best positioned to promote efficiency programs to residential customers. However, there is no

reason that providing energy efficiency services to residential customers should be a monopoly service. Therefore, the role of utility-based efficiency programs for residential customers should be revisited when either retail migration progresses or energy efficiency providers pursue the residential efficiency market.

## **CONCLUSION**

CES appreciates the opportunity to submit these comments and looks forward to continued participation in the New Jersey Energy Master Plan effort.

Respectfully Submitted

Stephen B. Wemple  
Vice President, Regulatory Affairs  
Con Edison Competitive Shared Services  
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