



September 16, 2019

Grace Strom Power, Esq.
Chief of Staff
New Jersey Board of Public Utilities
44 S. Clinton Avenue
Trenton, New Jersey 08625

Re: Energy Master Plan Comments

Dear Ms. Strom Power:

On behalf of Direct Energy and Centrica Business Solutions (“Direct Energy” or “CBS”), I am writing to provide comments to the Energy Master Plan (“EMP”) revisions currently underway and as directed by Governor Murphy in Executive Order #28. 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 120,000 customers. 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.

As we noted in last year’s comments, and again as an overarching issue, the EMP 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, if not all, 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, 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 always 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.***

The competitive market continues to be an important player in New Jersey’s energy sector. The most recent switching statistics as posted on the New Jersey Board of Public Utilities (“NJBPU”) website for May 2019 indicate that for the power sector, over 381,682 residential and 146,442 commercial and industrial (“C&I”) accounts are with Third Party Suppliers (“TPS”) totaling ~36.5% of the total electric load. For the gas sector, 103,489 residential and 49,258 commercial accounts are with TPS totaling ~35% of the total load. These numbers can and should be more substantial and there are improvements to the market that can be considered going forward to ensure New Jersey’s residents take full advantage of the right to choose granted to them by EDECA.



Direct Energy/CBS is pleased that the draft EMP includes several recommendations we made in last year's comments, many regarding increased electrification of the transportation sector and deploying charging infrastructure to support greater adoption of Electric Vehicle ("EV") technology. Specifically, Sections 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.9, 2.3.6, and 3.2.2 recognize that companies like Direct Energy/CBS can offer solutions around EV incentives, fleet and public transport charging infrastructure, alternative fuels (like renewable natural gas), and of course, consumer choice that allows customers to choose the technologies that best work for them (like EV charging Time of Use rates, etc.).

The draft EMP also recognizes other recommendations we made in 2018, like:

Section 2.1.6 – Collaboration with PJM and other stakeholders to ensure reasonable wholesale market treatment of clean and distributed resources, including the implementation of FERC Order 841 on storage resources and likely upcoming order on aggregated DER.

Sections 2.3.4, and 5.1.4 – Across the nation, utilities of all sizes are recognizing the value of Non-Wires Alternatives ("NWA"), both from a cost and labor perspective. Companies like Direct Energy/CBS can partner with utilities through competitive bidding processes to accomplish grid hardening and resiliency projects which benefit ratepayers and shareholders alike.

Section 5.1.1 – In 2018, we called for the EMP to require public utilities to file Distribution Resource Plans (DRPs) that determine what resources and grid upgrades the public utilities will need to meet customer electric demand and consider what role clean and distributed resources could play in those needs. Those plans should provide granular hosting capacity analysis and locational net benefit analysis to direct DERs where they are most valuable. Direct Energy/CBS is pleased to see this recommendation make it into the latest draft of the EMP.

Section 2.1.5 – It is critical, for any type of Distributed Energy Resource ("DER") that the interconnection process be streamlined, both at the state and PJM level, which is often a hurdle to new resources and discourages existing resources from providing other grid benefits which they are technically capable of providing.

Sections 2.3.5, 3.2.1, and 5.1.2 - Direct Energy/CBS strongly encourages the State of New Jersey to fully implement the intent of P.L.2018, c.17 (the Clean Energy Law) that recognizes that third party suppliers like Direct Energy/CBS must have a seat at the table in any analysis around energy storage policy and implementation in New Jersey. Direct Energy/CBS and other competitive market companies are already providing these solutions to our customers today. The State must take advantage of the considerable expertise these companies bring to the table in finalizing any policy or concrete market structures that will bring these incredible technologies to consumers.

Finally, we are encouraged by the draft EMP's recognition that Advanced Metering Infrastructure ("AMI") or smart meters must be one of the priorities for the state's utilities. Direct Energy supports the installation of smart meters which can benefit consumers and the state's electric public utilities in bringing the grid further into the modern era. Currently, New Jersey's electric public utilities have approximately 50,000 smart meters installed with the state ranking 47th in the nation in the use of smart meters. Although Rockland Electric won approval in August 2017 from the NJ Board of Public Utilities to install smart meters in the homes of its 74,000 customers, more can be done.



Smart meters can provide the following benefits:

- Allows for faster outage detection and restoration of service by a utility when an outage occurs and therefore, less disruption to a customer's home or business.
- Provides customers with greater control over their electricity use when coupled with time-based rates, increasing the range of different pricing plans available to customers and giving them more choice in managing their electricity consumption and bills.
- Smart meters enable a utility to measure a customer's electricity usage in hourly increments.
- Allows customers to make informed decisions by providing highly detailed information about electricity usage and costs. Armed with a better understanding of their energy use, consumers can make informed decisions on how to optimize their electricity consumption and reduce their bills.
- Customers with smart meters today can access their prior day's electricity usage through their utility's website.
- In the near future, by installing an in-home display device that communicates wirelessly with a smart meter, a customer could monitor their electricity usage and costs in real-time (similar to the price and quantity displays on a gas pump), allowing them to adjust their usage instantaneously in response to changes in prices or system reliability events, for example by delaying the use of a high-energy appliance or shutting it off. This could be done manually or automatically by pre-programming the device or appliance.
- In the near future, it may be possible for a customer to receive automatic alerts (via emails or text messages) to notify them of when the electricity consumption exceeds a pre-determined threshold.

Companies like Direct Energy can use customer provided (i.e. – obtained with customer consent) smart meter data to offer innovative products and services like time of use pricing, home energy audits, and energy efficiency offers to help customers manage their energy usage and save money. It is critical that any deployment of smart meters recognize a long established rule in New Jersey, that customer data is owned by the customer and not the utility and that that data can be shared with anyone that the customer authorizes.

In the end, the final EMP must continue to recognize the role competitive markets already play in New Jersey and enact concrete actions that allow those competitive markets to bring innovative solutions to New Jersey's residents and businesses. It should also consider innovative Clean Energy Program pilot programs that would allow C&I customers to take advantage of grants/incentives to acquire the technologies that provide the solutions that are best tailored to their needs.



Direct Energy/CBS is grateful the latest draft of the EMP incorporates many of our comments from 2018 and we appreciate the opportunity to offer these additional comments and suggestions. We look forward to working with the NJBPU and staff to produce an EMP that recognizes competitive markets do work.

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