



State of New Jersey
DIVISION OF RATE COUNSEL
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PHIL MURPHY
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SHEILA OLIVER
Lt. Governor

STEFANIE A. BRAND
Director

January 17, 2020

By Hand Delivery and Electronic Mail

Honorable Aida Camacho-Welch, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

**Re: New Jersey Energy Efficiency Transition
Stakeholder Comments – Filing and Reporting Requirements**

Dear Secretary Camacho-Welch:

Please accept for filing the enclosed original and ten (10) copies of comments being submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in connection with the above-referenced matter. Copies of Rate Counsel's comments are being provided to all parties on the service list by electronic mail and hard copies will be provided upon request to our office.

We are enclosing one additional copy of the comments. **Please stamp and date the extra copy as "filed" and return to our courier.**

Honorable Aida Camacho-Welch, Secretary

January 17, 2020

Page 2

Thank you for our consideration and attention to this matter.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By:


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Enclosure

cc: EnergyEfficiency@bpu.nj.gov
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Clean Energy Act

New Jersey Energy Efficiency Transition

Stakeholder Process

Energy Efficiency Stakeholder Meeting – Filing and Reporting Requirements

BPU Docket No.: Undocketed Matter

Comments of the Division of Rate Counsel

January 17, 2020

Introduction

As part of the process to implement the Clean Energy Act,¹ the Staff (“Staff”) of the Board of Public Utilities (“Board”, “BPU”) convened a Stakeholder Meeting on December 18, 2019 and invited stakeholders to comment on the subject of Filing and Reporting Requirements for energy efficiency (“EE”) and demand response (“DR”) programs in New Jersey.

The within comments are being submitted by the New Jersey Division of Rate Counsel (“Rate Counsel”) pursuant to the revised Notice circulated by Staff (“Notice”) seeking comments on Filing and Reporting Requirements for utility CEA programs. Rate Counsel’s comments, where appropriate, also reference the overhead slide set entitled “Filing and Reporting Requirements” (“December 2019 Slides”) presented at the stakeholder meeting on December 18, 2019. Rate Counsel reserves its rights to further amend and augment these comments based on any future proposals and other developments in the stakeholder process.

¹ P.L. 2018, c. 16 (C.48:3-87.3-87.7) (“Clean Energy Act” or “CEA”).

General Comments

Many material components of the CEA implementation process have yet to be decided, such as Quantitative Performance Indicators (“QPIs”), Program Administration, and Cost Recovery. Absent any consensus or guidance for many material aspects of the implementation of the CEA, it is impossible to comment on Filing and Reporting requirements in any significant detail at this juncture. Therefore, at this time, Rate Counsel will limit its submission to general comments on three aspects of filing and reporting which were addressed at the December 18 stakeholder meeting: Minimum Filing Requirements (“MFRs”); Reporting Requirements; and Tracking Systems.

Minimum Filing Requirements

In addition to setting energy savings and demand reduction targets, the CEA sets forth a number of other requirements for utilities. The CEA requires electric and gas utilities to establish EE and DR programs.² In addition, the CEA also requires the submission of implementation and reporting plans.

Each electric public utility and gas public utility shall file with the board Implementation and reporting plans as well as evaluation, measurement, and verification [“E M&V”] strategies to determine the energy usage reductions and peak demand reductions achieved by the energy efficiency programs and peak demand reduction programs approved pursuant to this section.³

The filings shall include details of expenditures made by the public utility and the resultant reduction in energy usage and peak demand.⁴ Furthermore, the CEA requires annual filings to demonstrate compliance with the CEA as well as the basis for any cost recovery claims:

² N.J.S.A. 48:3-87.9(d)(1).

³ N.J.S.A. 48:3-87.9(d)(3).

⁴ N.J.S.A. 48:3-87.9(d)(3).

Each electric public utility and gas public utility shall file an annual petition with the board to demonstrate [1] compliance with the energy efficiency and peak demand reduction programs, [2] compliance with the targets established pursuant to the quantitative performance indicators, and [3] for cost recovery of the programs, including any performance incentives or penalties, pursuant to section 13 of P.L.2007, c.340 (C.48:3-98.1).⁵

The frequent (annual) filing requirement, the complexity of the issues to be decided, and the number of electric and gas utilities operating in the State require a comprehensive set of MFRs to expedite review by the Board and other parties. While the MFRs set forth in the December 2019 Slides are a good start, the MFRs for CEA filings need to be more comprehensive than those currently required under N.J.S.A. 48:3-98.1. Furthermore, the MFRs must include information on participation rates and bill impacts. Utility CEA filings must also include supporting testimony. In sum, the CEA MFRs need to be developed further once other material parameters of CEA implementation are set, with adequate opportunity for comment by stakeholders.

Reporting Requirements

The essence of the CEA is a plan to reduce energy use and peak demands through EE and DR programs, with the intent that all customers will be able to participate fully in implementing EE measures.⁶ Therefore, utilities and the Clean Energy Program (“CEP”) should be required to provide the Board and stakeholders with periodic public reports on the performance of their programs, perhaps on a quarterly basis.

As an example, the periodic reports should include, by sub-program, both program and participant costs, the number of projects completed or in progress, energy savings and participation rates, as well as program budget data. In addition, low-income customer program performance and participation rate data should be included. The reporting items listed in the

⁵ N.J.S.A. 48:3-87.9(e)(1) emphasis added.

⁶ See N.J.S.A. 48:3-87.9(f)(2).

December 2019 Slides provide a good starting point, but need to be refined and augmented as further details about CEA implementation are developed, such as QPI's, energy savings targets, and program administration.

Tracking System

The CEA also requires a review of utility energy savings targets every three years:

The energy savings targets for each electric public utility and gas public utility shall be reviewed every three years to determine if the targets should be adjusted. The board, in conducting the study, shall accept comments and suggestions from interested parties.⁷

Therefore, the triennial review will require an analysis of the performance of the EE and DR programs and incentive mechanisms, among other items. This will require tracking data associated with the development of the QPIs and utility targets, as well as other items which provide information about the efficacy of the existing program and incentive structures. In addition to energy savings data, program expenditures, and take rates, utilities should track demographic and class participation data. This will enable the Board and stakeholders to not only evaluate the savings targets, but the ability of all customers to participate in the EE and DR programs. Once the initial QPIs and savings targets are set, a determination of what particular data should be tracked may be developed, for use in future reports, filings, and the triennial review.

Furthermore, sufficient activity and cost data should be tracked to support future benefit cost analyses ("BCAs"). Such BCA analyses, based on actual data, will facilitate a review of current programs as well as inform the design of future programs or modifications to existing programs.

⁷ N.J.S.A. 48:3-87.9(b).