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CASE MANAGEMENT

APR 08 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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4/8/19

BEFORE THE STATE OF NEW JERSEY
Board of Public Utilities

IN THE MATTER OF THE PETITION OF PUBLIC : DOCKET NOS. G018101112 & E018101113
SERVICE ELECTRIC & GAS COMPANY FOR
APPROVAL OF ITS CLEAN ENERGY FUTURE -
ENERGY EFFICIENCY ("CEF-EE") PROGRAM ON
A REGULATED BASIS

Comments of Hill Energy Services LLC

April 6, 2019 - As a firm that helps businesses manage their energy use, Hill Energy Services applauds PSEG's effort to incent energy efficiency projects and make New Jersey a national leader in energy efficiency. Energy efficiency upgrades are a key tool in the energy manager's toolbox and incentives help us implement them. We support the general goals of the current filing, but we have an issue with one small aspect of the proposed program. Our New Jersey customers will be negatively affected by the proposal to allow PSEG to retain the PJM capacity rights for completed energy efficiency projects.

As a small business owner with over 30 years' experience in the energy efficiency (EE) world, I have learned that my customers need to uncover all potential revenue so that they can maximize the return on investment for EE installations. The PJM Capacity Market is a key source of project revenue and cost offset for my customers, which supplements utility rebates. The money received from the PJM Capacity Market flows to our New Jersey customers, reducing the cost of the EE upgrade and incentivizes implementation of these upgrades. In some instances, for example, projects done on a tight timetable, customers do not have a chance to benefit from utility incentive programs (due to pre-approval requirements) but are still able to realize financial incentives through the PJM Capacity Market. If PSEG is allowed to capture these capacity rights to the EE installations on our customers' facilities, it will reduce the return on investment for projects and potentially change customers' decisions to install EE projects and upgrades at all. While we whole-heartily support PSEG's filing to increase installed energy efficiency, we do not support PSEG capturing the capacity rights of rebated projects.

In their filing, PSEG has acknowledged that there is performance risk associated with participation in PJM capacity market, and further, there is uncertainty with PJM market rules. Consequently, they have assumed no capacity revenue for the CEF-EE program. Currently, our customers receive revenue from the PJM Capacity Market for their EE projects through private participations in the capacity market. We do not understand why the BPU would allow PSEG to

CMS
Energy
Legal
DAG
S. Richardson, Legal
R. Boylan, Legal

take away this revenue stream for energy efficiency projects and so eliminate one of the benefits for installing these projects.

We are a small business that benefits from, and helps other New Jersey businesses benefit from, participation in the PJM capacity market. We believe the BPU should consider the ramifications of removing customer's direct access to these benefits and providing them to a regulated utility. We believe that the ratepayers that install energy efficiency should continue to have direct benefit from the PJM program.

Respectfully submitted,

Nicholas Hill, LEED-AP, CEM

Principal