

Submitted via E-File and E-Mail
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May 5, 2022
Secretary Carman D. Diaz
Board of Public Utilities
44 South Clinton Avenue,
1st Floor Post Office Box 350
Trenton, NJ 08625-0350

**RE: Proposed New Jersey's Clean Energy Program Fiscal Year 2022 True-Up
Budget for Existing Homes and C&I Buildings
Docket Number QO21040720**

Dear Secretary Diaz:

Environment New Jersey, New Jersey League of Conservation Voters, NJPIRG, Natural Resources Defense Council and The Energy Efficiency Alliance of New Jersey ("Joint Commenters") appreciate the opportunity to provide comments on the New Jersey Board of Public Utilities' ("BPU's") Proposed New Jersey's Clean Energy Program ("NJCEP") Fiscal Year 2022 ("FY22") True-up Budget for Existing Homes and C&I Buildings. Joint Commenters would ask that future comment windows be expanded to ensure meaningful input from stakeholders as we hope to provide the Board of Public Utilities with the information required to advance a thriving market for energy efficiency in New Jersey.

On June 24, 2021, the Board approved the FY22 Budget for the NJCEP through a Board Order (Docket No. QO21040720). On March 9, 2022, the Board approved an Order, among other matters, NJCEP's TrueUp and Revised Budgets ("Revised Budget").¹ The Revised Budget for the Residential Existing Homes ("Existing Homes") Program, which consists of two subprograms – Home Performance with ENERGY STAR® ("HPwES") and HVAC – was based on, among other factors, the assumption that the average amount paid for each HVAC system per application incentive would remain consistent with the historical average (from the prior fiscal year) of approximately \$525/application. However, that has not proven to be true. Over the past few months, the average incentive paid per HVAC application has sharply increased to approximately \$612/application, an increase of approximately \$87/application above the historical average. This is in large part driven by an increase in the number of cold climate heat pump applications, which have received incentives of between \$1,000/application and \$2,000/application, i.e., two to four times the historical average for all HVAC applications. With an approximate 8,600 HVAC applications processed since the Revised Budget was estimated, the above-described increases in applications drive the need for a budget increase of approximately \$750,000.

¹ I/M/O of the Clean Energy Programs and Budget for Fiscal Year 2022 – True-Up, Revised Budgets and Program Changes, BPU Docket No. QO21040720, Order dated March 9, 2022.

Conversely, the Commercial and Industrial (“C&I”) Buildings Program has experienced lower than originally expected participation and demand in FY22 and, therefore, is expected to finish FY22 with a budget surplus of over \$800,000.

Because of the increased costs in the Residential Existing Homes program and the counter-balancing under-spend in the Commercial program, Joint Commenters support the Commission’s proposed \$800,000 increase to the Existing Homes Program budget. We further support the proposed allocation across two categories: \$780,000 to the “Rebates, Grants, and Other Direct Incentives” cost category, and \$20,000 to the “Rebate Processing and QA” cost category. The proposed decrease to the C&I Buildings Program budget would occur entirely within the “Rebates, Grants, and Other Direct Incentives” cost category and is well under 10% of the program’s budget.

This is now the second time the Existing Homes Program has received an increased reallocation for HVAC and HPwES projects. The first leading up to the end of the Statewide run FY21 programs and now in the current demand in FY22. These additional funds are necessary to pay out the project trades who worked hard and delivered on the HVAC and HPwES projects. This reallocation between C&I and Existing Homes, by coincidence, has created an elegant solution to ensure, not only the board is maximizing EE programs in New Jersey, but that customers and trades/contractors will rightfully receive the incentives they anticipated, when undertaking these projects and in compliance with the requirements of the programs which were timely submitted. However, and in light of this continual increased demand, Joint commenters would recommend that additional funding be provided to the Existing Homes Program future budgets as the demand exists from New Jersey Residents.

Joint commenters are pleased to submit these comments to the New Jersey Board of Public Utilities in support of its proposed revision of the New Jersey’s Clean Energy Program Fiscal Year 2022 True-up Budget for Existing Homes and C&I Buildings.

Sincerely,

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