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VIA ELECTRONIC MAIL

Carmen D. Diaz
Acting Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, Suite 314
P.O. Box 350
Trenton, NJ 08625
board.secretary@bpu.nj.gov

Re: Request for Comments – Proposed FY23 Revisions to NJCEP New Construction Programs
Docket No. QO22050327

Dear Acting Secretary Diaz:

Elizabethtown Gas (“ETG”) and South Jersey Gas (“SJG”) (collectively “the Companies”) respectfully offer these comments in response to the New Jersey Board of Public Utilities’ (“Board”) request for comment on its proposal related to Proposed FY23 Revisions to NJCEP New Construction Programs. ETG and SJG are member companies of the New Jersey Utilities Association (“NJUA”), and incorporate the comments filed by NJUA in this proceeding herein by reference.

ETG and SJG remain committed to supporting the State’s long-term environmental and sustainability goals and appreciate the key role they play in achieving the energy consumption reduction targets contained in the Energy Master Plan and the New Jersey Clean Energy Act of 2018. The Companies have been regularly engaged in the promotion of energy efficiency and clean energy in New Jersey for many years with much success and will continue to support programs that encourage a reduction in energy consumption.

ETG and SJG appreciate the Board’s efforts to remove barriers to participation, streamline the application process and improve customer experience of the New Construction Programs.

ETG and SJG appreciate the Board’s effort to better align the program with the State’s Energy Master Plan. While the Proposed FY23 Revisions to NJCEP New Construction Program overview provided with the July 12 notice and presentation at the July 22 stakeholder meeting provided information on the proposed changes, the Companies believe that coordination and further

development of the changes to the new construction programs are needed to ensure full alignment of the State's new construction programs with the Utilities' programs and with the distribution of the Clean Energy Act markets, targets and goals per the Board's June 10, 2020 "Framework" Order (noting the utilities have a larger share of the targets).

The Companies value the fact that the State has recognized the interaction between the new construction programs and the Utilities' programs and look forward to working with the State to finalize changes to the new construction programs in order to avoid duplication or market confusion. ETG and SJG believe additional development of changes to the State's new construction programs should allow better coordination with the Utilities' programs. As noted at page 2 of the draft plan outline issued on July 12, 2022, the definition of gut rehab as defined and agreed upon with the utilities should, at a minimum, be reviewed to clearly ensure delineation of program offerings.

ETG and SJG strongly believe that customers should continue to have the ability to choose their preferred energy source and appliances. The Companies have some concern that the reference to a potential electrification component is not characterized as "beneficial electrification". The Companies believe it is critical for any consideration of electrification elements require consideration on the affordability of energy for that consumer. According to the National Association of Home Builders, houses designed with natural gas appliances are less expensive to build and more affordable to operate. When building a natural gas home, depending on the climate and region, builders/consumers can save between \$3,988 to \$15,100 in construction costs.¹ The program must maintain a lens of affordability for any potential changes in strategies.

ETG and SJG appreciates that NJECP included advanced measure bonus as part of the New Construction program. The Companies would recommend that innovative natural gas technologies like highly-efficient natural gas heat pumps be included as a measure in the program. Gas heat pumps (GHP) are extremely energy efficient and can lower energy bills. GHPs are a cutting-edge technology that offer impactful fuel efficiencies and are a step-change in gas efficiency that enable dramatic reductions in consumer energy use.

The Companies appreciate the opportunity to submit these comments. The Companies look forward to working collaboratively with the Board Staff on this important initiative.

Respectfully submitted,

Deborah M. Franco

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¹ <https://www.nahb.org/-/media/NAHB/nahb-community/docs/committees/construction-codes-and-standards-committee/home-innovation-electrification-report-2021.pdf>