

Submitted via E-Mail

Secretary Sherri L. Golden
New Jersey Board of Public Utilities
P.O. Box 350
Trenton New Jersey, 08625

June 12, 2023

RE: FY24 CRA, Budget and Program Plans
Docket No: QO23040235 & QO23040236

Dear Secretary Golden:

The Energy Efficiency Alliance of New Jersey is pleased to submit these comments to the The New Jersey Board of Public Utilities (“BPU” or “Board”) regarding the Fiscal Year 2024 (“FY24”) New Jersey’s Clean Energy Program (“NJCEP”) Comprehensive Resource Analysis (“CRA”), Budget and Program Plan Compliance Filings.

The Energy Efficiency Alliance of New Jersey (“EEA-NJ”) is a trade association for the energy efficiency industry. Together with its sister organization, the Keystone Energy Efficiency Alliance (“KEEA”), EEA-NJ represents 70 business members who provide energy efficiency products and services in support of an industry that accounts for more than 30,000 New Jersey jobs. Our mission is to champion efficiency as the foundation of a clean, just, and resilient energy economy.

Congratulations are in order as this is the 25th anniversary of the Electric Discount and Energy Competition Act (“EDECA”) and of the Board's first undertaking of the comprehensive energy efficiency and renewable energy resource analysis. EDECA created the societal benefits charge to fund programs for the advancement of energy efficiency and renewable energy technologies and markets in New Jersey. During this time, the programs have significantly reduced energy usage, reduced greenhouse gas emissions, delivered clean, local sources of renewable energy, and resulted in billions of dollars of energy cost savings to New Jersey ratepayers.

EEA-NJ appreciates the opportunity to provide comments on the BPU’s FY24 CRA. The FY24 CRA covers a host of important programs including energy efficiency, solar, wind, electric vehicles, and other clean energy technologies. The spending that occurs through this program provides significant benefits to New Jersey’s residents and businesses, furthers the State’s clean energy and climate goals, and serves as a critical marker for New Jersey’s overall energy policy.

Our recommendations are as follows:

1. Preserve Clean Energy Funds for Intended Purpose

EEA-NJ first calls attention to the continuation of funding being diverted from the Clean Energy Fund. We recognize that this issue ultimately resides with the legislature. However, it is notable that one of the first line items of the FY24 CRA Budget directly assigns \$71 Million to “State

Energy Initiatives.” This seemingly benign language means that the money is being diverted from the Clean Energy Fund.

Leaving this \$71 million in the Clean Energy Fund would best position BPU to expand measures under NJCEP to lower energy bills and grow the clean energy workforce. We are pursuing this issue with the legislature.

EEA-NJ is pleased to see FY24 CRA is intended to advance the State toward that goal and to recognize the value of energy efficiency, renewable energy, and distributed energy resources as foundational energy resources. When delivered cost-effectively, these approaches reduce the cost of energy for all ratepayers while providing additional benefits and reflecting Governor Murphy’s Executive Order (“EO”) 315¹, which directed the State to achieve 100% clean energy by 2035.

2. Apply Greater Coordination Across Programs & Directives

Yet, noticeably absent from FY24 CRA are the companions to EO 315, Executive Orders 316² and 317³. Where EO 315 places a focus on achieving 100% clean energy at the source, EO 316 looks to reduce emissions closer to home. It sets a target to install heat pumps in 400,000 homes and 20,000 commercial buildings by 2030, and to make another 10% of low-income residences electrification-ready in that timeframe. EO 317 initiates a process in partnership with the state’s hometown utilities, key stakeholders and the New Jersey Board of Public Utilities (BPU) to plan for the future of the natural gas utility in New Jersey. Collectively these EO’s provide a roadmap for NJ’s Clean Energy Future.

EEA-NJ recommends the BPU use all three Executive Orders as guidance to align programs across the board in a unified focus on decarbonization and beneficial electrification⁴. Executive orders 316 and 317 recognize the reality that beneficial building electrification is key to meeting the state’s climate goals and improving quality of life for residents. BPU must look at these three EO’s collectively, as together they will yield greater benefits including health benefits associated with improved air quality, lower environmental compliance costs, increased grid reliability, as well as economic development opportunities in the form of jobs and a more competitive business environment.

¹ NJ 2023 New Jersey Executive Order 315 - Eo 315 directs the State to achieve 100% clean energy by 2035.

<https://nj.gov/infobank/eo/056murphy/pdf/EO-315.pdf>

² NJ 2023 New Jersey Executive Order 316 - EO 316 has set a target to install zero-carbon-emission space heating and cooling systems in 400,000 homes and 20,000 commercial properties and make 10% of all low-to-moderate income (LMI) properties electrification-ready by 2030.

<https://nj.gov/infobank/eo/056murphy/pdf/EO-316.pdf>

³ NJ 2023 New Jersey Executive Order 317 - EO 317 initiates a process in partnership with the state’s hometown utilities, key stakeholders including organized labor, and the New Jersey Board of Public Utilities (BPU) to plan for the future of the natural gas utility in New Jersey.

<https://nj.gov/infobank/eo/056murphy/pdf/EO-317.pdf>

⁴ KEEA & EEA-NJ Policy Position on Building Electrification pg 2

<https://eeafnj.org/wp-content/uploads/2022/10/Policy-Position-Electrification.pdf>

EEA-NJ also calls on the BPU to incorporate greater coordination in the use of funding among the programs. A focus on avoiding program siloing and incompatible processes is critical to lead to greater efficiency: of energy, funding, and processes across the State. New Jersey needs a coordinated approach that leverages forthcoming federal dollars to be able to meet the State's clean energy and carbon reduction goals.

3. Incorporate and Leverage Federal Funding

The historic investment in clean energy and energy efficiency on a federal level, through the Infrastructure Investment and Jobs Act ("IIJA") and Inflation Reduction Act ("IRA"), have set up an unprecedented opportunity.

Specific focus should be given to the Home Energy Rebates programs, including both the Home Efficiency Rebates ("HOMES") and High-Efficiency Electric Home Rebates ("HEERA"). These programs are poised to inject millions of dollars in low- and moderate-income and market rate programs in accelerating energy efficiency home improvements. These programs are noticeably absent from the provided program descriptions, even though the Department of Energy issued an Administrative and Legal Requirements Document in March 2023. New Jersey is currently eligible for approximately \$4.5 million in administrative funding to start getting these programs set up.⁵ New Jersey will be eligible for over \$180 million total.⁶ These two programs have the potential to accelerate New Jersey's energy efficiency programs and help spur the transition needed to meet the electrification goals in EO 316. Stakeholders need to know how BPU is approaching this opportunity.

Coordination with existing programs, such as Comfort Partners, and existing goals, such as electrifying homes that use delivered fuels, is vital to ensuring the success of these programs.

4. Fulfill the Energy Master Plan Strategies and Coordinate with Roadmap to 100% Clean Energy

EEA-NJ recommends the BPU and other relevant State Agencies coordinate the State's efforts to develop a 2024 Energy Master Plan ("EMP") that fully reflects executive orders 315, 316, and 317. These directives must be viewed together and implemented both in the short-term and longer-term strategies in order to achieve the State's goals.

The current EMP goals 4.2 and 4.2.1⁷ state that New Jersey should "start the Transition to electrify existing oil- and propane-fueled buildings" by "incentiviz[ing] transition to electrified heat pumps, hot water heaters, and other appliances." This strategy is directly linked to EO 316, expanded heat pump adoption. **Unfortunately since 2019, this strategy has been noticeably underdeveloped.** Likewise, goal 4.1 to "start the transition for new construction to be net zero

⁵ U.S. Department of Energy. "Home Energy Rebate Programs Guidance."

<https://www.energy.gov/scep/home-energy-rebate-programs-guidance>. Accessed June 8, 2023.

⁶ U.S. Department of Energy. "Biden-Harris Administration Announces State And Tribe Allocations For Home Energy Rebate Program."

<https://www.energy.gov/articles/biden-harris-administration-announces-state-and-tribe-allocations-home-energy-rebate>. Accessed June 8, 2023.

⁷ 2019 Energy Master Plan: Pathway to 2050 at pg 7

http://d31hzhk6di2h5.cloudfront.net/20200127/84/84/03/b2/2293766d081ff4a3cd8e60aa/NJBPU_EMP.pdf

carbon” has been largely limited to state facilities in the current program proposals. EEA-NJ is hopeful that the combination of federal funding and the BPU’s forthcoming decarbonization strategy and updated New Construction program will not only aid in remedying this shortcoming, but will rapidly accelerate transition and deployment.

Furthermore, EEA-NJ recommends that BPU should apportion part of DOE’s State Energy Program funds awarded to the state for non-regulated utility and delivered fuel customers only be used to support the electrification of delivered fuel customers. Simply stated, electrifying delivered fuel customers is cost-effective, achievable, and required for the state to meet its climate targets. Therefore, the programs currently funded for delivered fuel customers using these funds should focus exclusively on electrification. This focus should be paired with other programs, including the federal HOMES and HEERA programs, to simultaneously aid delivered fuels customers to also receive incentives for building shell efficiency improvements such as insulation and air sealing, allowing a comprehensive approach that will dramatically reduce both on-site energy use and emissions.

EEA-NJ looks forward to engaging in the upcoming process to revise the EMP.

5. Refine Comfort Partners for Enhanced Outcomes

EEA-NJ recognizes the important role that the Comfort Partners program has played over the last decade to provide energy efficiency and weatherization improvements to NJ customers most in need, specifically those with a high energy burden who participate in the Universal Service Fund. However, there are several design elements within the Comfort Partners Program that the EEA-NJ believes the BPU could modify to produce better outcomes for the customers the program serves, while furthering the clean energy goals of the state. EEA-NJ is encouraged by the joint efforts, of the BPU and the Utilities, to reduce barriers to entry for participation in Comfort Partners, such as permitting customers residing within the geographical boundaries of low-income census tract neighborhoods to participate without providing income verification documentation. EEA-NJ asks for this trend to continue, bringing Comfort Partners into alignment with the other utility programs, such as quick home energy check ups.

Additionally, EEA-NJ recommends that Utilities with overlapping service territories should coordinate budgets and services for Comfort Partners. The Comfort Partners program will require additional coordination this triennium on a host of other fronts including federal funding, coordination with other state programs, and Governor Murphy’s executive order (EO) 316. Accordingly, EEA-NJ recommends a continued coordination between the Utilities and BPU to ensure pairing of state and utility programs and stacking of federal rebates to the greatest degree possible to yield the highest efficiency gains and flow of funds to a single site/project.

6. Extend and Expand the Whole House Pilot Program

EEA-NJ is encouraged to see continued funding for the Whole House Pilot Program and the program continues to expand its offering to Trenton residents. This pilot program would reduce the barriers to entry for other energy efficient programs, such as deferrals in weatherization, as this program addressed health and safety hazards in single- and multi-family residences occupied by low- to moderate-income residents.

We ask the BPU to provide regular updates on the program's progress to stakeholders invested in how this program could scale. This program has a lot of potential to greatly improve resident lives in Trenton. This need is present across the state, so we look forward to the completion of the pilot phase.

7. Accelerate Associated Workforce Development

A consistent refrain across the energy efficiency and clean energy industry is the need for more workers.

EEA-NJ is encouraged to see BPU coordinating with the New Jersey Department of Labor to explore the potential establishment of State-funded workforce development initiatives that support employment and training services for individuals interested in clean buildings careers through competitive grants to community-based organizations in partnership with utility companies. We support plans for recruitment of eligible participants from New Jersey's overburdened communities to receive core employment and training services, such as workforce readiness and financial literacy instruction, wrap-around supportive services, job coaching, and job placement services to facilitate entrance into the clean energy workforce

The energy efficiency workforce is aging out and retiring without adequate replacements. The workforce gap continues to grow and is expected to increase with new federal funding opportunities. We urge BPU to expedite this process to address this pressing issue.

Conclusion

EEA-NJ appreciates the opportunity to provide meaningful input on the Board's FY24 CRA process. EEA-NJ feels that the FY24 CRA will make meaningful progress on several policy fronts, and that our recommended changes, if adopted, will assist the Board, the Administration, and the residents of New Jersey in achieving an equitable clean energy economy.

Sincerely,

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Policy Counsel
Energy Efficiency Alliance of New Jersey