



January 5, 2024

Sherri L. Golden, RMC
Secretary of the Board
44 South Clinton Ave.
1st Floor PO Box 350
Trenton, NJ 08625-0350

RE: Docket No. Q023100733 - In the Matter of the Implementation of Federal Inflation Reduction Act Home Efficiency Rebate and Home Electrification and Appliance Rebates Formula Funding

Dear Secretary Golden:

Enclosed for filing are comments of Franklin Energy Services, LLC, on the New Jersey Board of Public Utilities ("Board") docket on the implementation of the Federal Inflation Reduction Act ("IRA") Home Efficiency Rebate ("HOMES") and Home Electrification and Appliance Rebates ("HEEHR") programs.

Franklin Energy has been delivering turnkey energy efficiency and demand management programs across the U.S. for three decades. We have helped more than one hundred utilities and government clients in 30-plus states design and administer programs reaching end-use customers of all types. The single-family and multi-family sectors are core areas of deep expertise, covering both market-rate and low-to-moderate-income consumers living in urban, suburban, and rural communities. In any given year, we engage more than 500,000 households administering \$100M in residential rebates. In New Jersey, we opened an office in New Brunswick and established operations in 2021. In 2023 alone, we served over 15,000 households in the Garden State.

Franklin Energy has been closely following the US Department of Energy's development of guidance and the broader nationwide rollout of HOMES and HEEHR and sees these programs as a tremendous complementary opportunity to accelerate energy efficiency and decarbonization progress in New Jersey. Below, we offer comments in 4 areas which are critical for a successful deployment of these program.

1. The Board should leverage existing ratepayer-funded programs to drive participation in HOMES and HEEHR, to optimize both the customer and contractor experience and minimize soft costs.

In Franklin Energy's experience, programs are most successful when they feature an integrated, customer-centered, and contractor-focused experience. New Jersey has an opportunity to achieve this and harmonize the implementation of HOMES and HEEHR with the state's legacy energy efficiency programs, and the new building decarbonization and demand response programs planned for 2025.

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This one-stop shop approach ensures that customers and contractors have a single point of access to consider IRA rebate offerings alongside ratepayer funded ones – so they may be qualified and presented all program opportunities for participation. For existing homes and buildings, we urge the BPU to fully leverage the utility Program Administrators (“PAs”) to facilitate participation in the IRA programs. In the case of new construction, the Board of Public Utilities Office of Clean Energy, in its function as a PA, would be the appropriate point of access for IRA rebates. We recognize that, even with existing homes, the Board will need to play a limited statewide administrative and quality assurance role for HOMES and HEEHR to ensure financial controls and consistent reporting, but these aspects of the programs can largely operate “behind the curtain” for customers and contractors to reduce confusion and program friction.

2. Program Administrators should be able to claim the electricity and gas energy savings for participation in HOMES and HEEHR, avoiding any complexity involving attribution – consequently lowering the overall unit cost per customer and per unit of savings for the New Jersey’s residential and multifamily portfolios.

Franklin Energy also urges the Board to allow PAs to fully claim the savings associated with new construction and retrofit projects that utilize IRA rebate programs. HOMES-funded project savings can be being applied to PA Triennium 3 energy efficiency savings targets and HEEHR toward Building Decarbonization goals. This will fully leverage ratepayer investments, will improve overall Triennium 3 portfolio cost-effectiveness, and will allow more households to be served by a powerful combination of ratepayer and federal funds.

3. Under HOMES, both the Modeled and Measured pathways should be made available. The Measured approach provides an exciting market innovation opportunity for New Jersey and will be a step toward positioning energy efficiency as the valuable and cost-effective grid resource it should be.

Compared to other states, New Jersey is in a particularly unique position to rapidly launch the HOMES program using the Modeled pathway, because each of the utilities and contractors across the state already rely on the BPI-2400 compliant modeling software tool (Snugg Pro) the meet the requirements of the IRA legislation and DOE guidance.

Franklin Energy, however, is also a strong supporter of the Measured pathway, and sees it as a strong market-evolution option in the future. Franklin Energy successfully deploys the Measure approach in California, and has proven that both customers and the grid can benefit from such a program (See case study: [Residential Measured Pay-for-Performance Delivers Grid Reliability](#)).¹ New Jersey – particularly in conjunction with the ongoing rollout of Advanced Meter Infrastructure in the state – is poised to grow this approach while retaining the Modeled option. Implementing both HOMES

¹ Case study direct URL: https://448562.fs1.hubspotusercontent-na1.net/hubfs/448562/070-0573-02-00_Dual_Branded_PG%26E_Case_Study_Update_v1.pdf

pathways currently will provide an excellent learning and comparative evaluation opportunity for the state.

4. The income eligibility rules used by legacy New Jersey programs and the Area Median Income basis utilized by HOMES and HEEHR should be reconciled and streamlined into a single income standard.

Franklin Energy is extremely supportive of utilizing both HOMES and HEEHR to enhance energy efficiency and electrification programming for low- and moderate-income New Jerseyans. We do believe it to be important that the current ratepayer funded income eligibility criteria be aligned with the federal AMI standard required for the IRA programs to avoid any confusion when qualifying households for either or both ratepayer and federal rebates.

On behalf of Franklin Energy, we appreciate this opportunity to weigh in on this important matter. If you have any questions about these recommendations, please do not hesitate to contact me at lkass@franklinenergy.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Kass", is written over a light blue rectangular background.

Lloyd Kass (he/him)

Vice President, Strategy & Market Development