

Ms. Sherri L. Golden RMC
Secretary of the Board
New Jersey Board of Public Utilities
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Trenton, NJ 08625-0350

January 12, 2024

RE: Docket No QO23100733
In the Matter of the Implementation of the Federal Inflation Reduction Act Homes (Home Efficiency Rebates) and HEEHR (Home Electrification and Appliance Rebates) Programs

Dear Ms. Golden

Thank you for the opportunity to comment on the above referenced docketed matter. We appreciate all the time and effort that the BPU staff have put into setting up the Technical Conference on the above referenced matter. The comments below are intended to assist in the ongoing process to help BPU develop and implement the HOMES and HEEHR Programs.

As directed in Executive Order (EO) 316, the HOMES and HEEHR programs must be implemented and coordinated to support building electrification, with a primary focus on the needs of low and moderate income (LMI) customers to specifically advance the electrification of 400,000 additional residential dwellings, 20,000 additional commercial spaces and an additional 10% of residential units in low-income communities by 2030.

1 Levering Federal Funding to Advance State Efficiency goals

Many of the panelists and comments were supportive of coordinating the HOMES and HEEHR programs with the electric and natural gas utilities (the utilities). Many of those commenters supported the utilities as the implementers of the programs under their 2nd Triennium EE programs. I have not been a supporter of the utilities directly managing or implementing any of the clean energy programs including energy efficiencies. This nonsupport stems from their initial and ongoing opposition to many of the provisions set forth at N.J.S.A 48:3-60 and 48:3-87, which they labeled and still consider as the death spiral of the utilities in the advance to 100% clean energy.

The reasons for this nonsupport are twofold.

1. The investor-owned utilities (IOU) have a primary and fiduciary responsibility to their shareholders to increase the revenues of their shareholder; and
2. The IOU are natural monopoly which is antithetical to competition- especially energy competition.

The moment electric revenues increase significantly from building electrification and EV charging, the electric IOU will drop their support for EE programs in favor of increased revenues from increased electric sales. Natural gas IOU will continue to oppose the full transition to electrification. This is the ultimate problem in relying on the IOU to implement these programs. IOU cannot fully invest or advance the integrated and holistic energy policies of the state as set forth in the 2019 Energy Master Plan and subsequent EO.

That is not to say that the IOU do not do a good job in implementing the EE program. They do. But that belies the fact that they function as a monopoly and this function in an energy competitive economy, should be as limited as possible in just managing the pipes and wires.

However, the Legislature, under the misunderstanding that decoupling will advance energy efficiency, has established the requirements that New Jersey's energy efficiency programs should be implemented by the IOU. For the benefit of the customers, specifically low-income (LI) customers, the HOMES and HEEHR programs should be coordinated and if legally feasible, implemented by the IOU as part of their 2nd Triennium EE programs.

The HOMES and HEEHR program funding should be focused on and be specific for low-income customers in disadvantaged community both in existing single-family homes and multifamily housing. The funding should supplement not supplant or replace the existing Comfort Partners program funding. These funds should be allocated annually on an additional basis over the existing annual Comfort Partners funding through September 2031.

The HOMES and HEEHR funds, if approved for the IOUs implementation, should fund 100% of the additional electrification project, equipment or appliance costs for LI customers that would not be covered by the existing Comfort Partners funds. No HOMES or HEERF funds should be used for the administrative costs of the IOU that are already covered by the 2nd Triennium EE administrative and implementation costs.

While the HOMES and HEEHR available funding should be allocated to only low-income customers, the BPU should budget sufficient funds to manage and oversee these programs including the implementation of the outreach and education programs. It is important to the effective implementation of these programs that the BPU have sufficient funds to oversee and manage these programs. That includes outreach and education.

Under the HOMES and HEEHR programs, the current Comfort Pilot Whole Homes pilot should be expanded to other disadvantaged communities across New Jersey. The Whole House Pilot should be expanded to include an integrated and holistic clean energy approach for low-income customers that includes high efficiency shell measures, on-site solar and storage, EV and EV charging, heat pump and building electrification technologies and grid interactive efficient building (GEB) technologies.

Where consistent with the IRA HOMES and HEEHR program funding requirements set forth in the IRA Home Energy Rebate Program Requirements and Application Instructions, the HOMES and HEEHR program funding should be used to fund the installation of heat pump and building electrification technologies, grid interactive efficient building (GEB) technologies and EV charging equipment as energy savings equipment and appliances. In addition, it should also fund the upgrade on existing homes of high efficiency shell measures to ensure the efficiency and effectiveness of the installed heat pump technologies.

The BPU should delegate or assign the HOMES and HEEHR program funding to only the electric IOU since the goals and objectives of the funding and programs are to advance building electrification and not natural gas heating systems or natural gas equipment and appliances. No HOMES or HEERF funding should be allocated to the natural gas IOU for any natural gas equipment or appliances.

2 Evaluating Program- Design Approaches to Deliver Energy and Cost Savings

The BPU should utility or require the IOU implementing the HOMES and HEEHR programs to utilize a modeled savings approach. In 2024 I cannot believe we are still debating this issue of the benefits of modeled approaches over measured approaches in energy efficiency programs. In the past states have implemented energy efficiency programs with full M&V approaches. They were time consuming and significantly lowered the overall cost effectiveness of the energy savings. The M&V approach did not change the measured savings or improve the measured savings but it did reduce the overall cost effectiveness.

This is why states energy efficiency programs moved to deemed or calculated saving. The years of experience in building the technical resource manuals for deemed saving should not be discarded. The IOU are required to implement full M&V under the PJM programs in order to submit their EE savings and the additional costs makes these savings less cost effective but still the same degree of energy savings. Further post project M&V audits can be used to improve any modeling approach going forward without the upfront expense of detailed project M&V.

3. Ability of the IOU's to Implement all the Legal Requirements in the HOMES and HEERH flow down provisions.

Before the BPU applies to the USDOE for the approval to implement the HOMES and HEEHR program and assuming the BPU will authorize these programs to be jointly coordinated and implemented by the electric IOU, the BPU should ensure that all the electric IOU can and will implement all contract terms and conditions in the USDOE's guidance Administration and Legal Requirement CFDA # 81-041.

As a subgrantee or a subrecipient, the electric IOU will be required to follow all of the legal provisions that BPU as the grantee will be required to follow as established by the DOE. The BPU and the electric IOU should go through each of the provisions in the DOE requirements and the standard terms and conditions before the BPU files its application with the DOE. The BPU should require that each electric IOU confirm they can and will implement the HOMES and HEEHR programs under all the DOE requirements and the standard terms and conditions and that the BPU can authorize and delegate these provisions to the electric IOU under current New Jersey Treasury provisions.

4. Outreach and Education

The BPU should use a portion of the HOMES and HEEHR funding to establish an independent building electrification outreach and education program with and between Rutgers, NJIT and Rowan as a Technical Resource Center. The Building Electrification Technical Resource Center should be housed within the Rutgers Center for Green Building in partnership the NJIT Building Learning Center and the Rowan GIS mapping center. The Building Electrification Technical Resource Center should provide independent and real time cost estimates and benefits of the different building electrification systems for residential and commercial customers, specifically focused on heat pumps. Further this Center should also provide independent and technical information and training for HVAC contractors on the cost and benefits of low temperature heat pumps including installation training certification.

Thank you for the opportunity to provide comments on this very important clean energy issue. We appreciate all the time and effort that the BPU staff will put into developing the application and overseeing the programs once approved by DOE. The above comments are submitted to assist in advancing the State's progress towards the 2019 EMP goal of 100% clean energy by 2050. Please feel free to contact me on any further follow-up.

Very Truly Yours

Michael Winka

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