January 12, 2023

Sherri L. Golden
Secretary of the Board
NJ Board of Public Utilities
44 South Clinton Ave.
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Trenton, NJ 08625-0350
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Re: In the Matter of the Implementation of Federal Inflation Reduction Act HOMES (Home Efficiency Rebates) and HEEHR (Home Electrification and Appliance Rebates) Program
Docket No.: QO23100733

Dear Secretary Golden:

The Energy Efficiency Alliance of New Jersey ("EEA-NJ") thanks the New Jersey Board of Public Utilities ("BPU"or "Board") for this opportunity to submit comments regarding New Jersey's implementation of the federally-funded Home Energy Rebate programs (both HOMES and HEEHR).

EEA-NJ is New Jersey's trade association for the energy efficiency industry. With our sister organization the Keystone Energy Efficiency Alliance, we represent 65 business members across Pennsylvania and New Jersey. Our mission is to champion efficiency as the foundation of a clean, just, and resilient energy economy.

EEA-NJ supports the group comments submitted by our nonprofit arm, the Energy Efficiency Alliance, with nonprofit and other partners. On behalf of our members, we offer these additional comments and context focused on funding, coordination, multifamily buildings, measurement and continued engagement. We strongly recommend that the Board actively involve existing program implementers, as described below under "Increase Dialogue with Implementers", in the design process.

<u>Program Funding</u>
EEA-NJ emphasizes the importance of ensuring that the Home Energy Rebate programs and federal funding are additive to existing State and Utility energy efficiency initiatives. Federal dollars should not be utilized as a substitute for existing funding for the Efficiency and Building

Decarbonization utility programs. While the $316 million in federal funding may seem substantial, considering the broader context of the $6 billion allocated for the 2nd Triennium programs, it is modest and should not replace existing funding streams. The federal rebate program funding should be treated as a supplementary bonus, enhancing the existing portfolio of State and utility incentives once they have been leveraged to the greatest extent possible. The Board is strongly urged not to reduce funding for any existing ratepayer programs serving this sector.

Coordination of Programs

For the success and growth of these programs, participation and a positive customer experience are paramount. Streamlining program participation for consumers is vital, given the current complexity of navigating available residential efficiency programs. The Board should establish a single entry point for eligible programs and ensure language accessibility. Additionally, efforts should be made to stack programs efficiently, allowing the utility program to meet their cost-effectiveness standards, and federal funding to provide support for any remaining portion of the project. Staking of programs measures and funding at an administrative level would also avoid an undue burden on consumers while ensuring comprehensive retrofits.

Multifamily Buildings

We encourage the BPU to solicit further stakeholder input to effectively design both programs to meet the needs of the multifamily sector. We note:

- The DOE's minimum required allocation of 10%, or approximately $7.3 million, per rebate program is not sufficient to push the market transformation needed in this sector. With Low-Income Multifamily properties proving to be one of the most challenging and costly building sectors to decarbonize. Incentives may cover up to 80% of total project costs, the entire minimum required allocation funding for Low-Income Multifamily could be used up by as few as 7 to 10 projects. We urge the BPU to increase the amount of funding dedicated to this sector.
- For the HOMES program, most large Multifamily buildings will likely follow the Modeled Energy Savings approach. This is because measuring actual energy savings at large properties is exceptionally complicated with long timelines for incentive payout. Multifamily retrofit projects that are modeled to achieve at least a 20% reduction in energy savings can easily exceed $1 million. Again the funding could be used up in as few as 7 projects.
- A similar problem arises for the HEEHR program. For example, a 100 unit building could leverage the incentives up to the maximum $14,000 per dwelling unit up to 100% of project cost, which totals $1.4 million. At the current funding amount, just 5 to 6 projects would use up the entire Low-Income Multifamily required allocation of $7.3 million. As noted in our group comments, the multifamily program design must serve a range of building sizes and landlord types. We urge further working sessions to assess how to enable access for this complex range of buildings and tenants.
- The incentive rates and per project caps of the rebate programs should not be reduced below what is described in the original legislation. Instead, the Board should maximize

the funds available to Low-Income Multifamily properties. By keeping the current rates and caps, and increasing the budget allocation, the Board will encourage retrofits at both larger and smaller Multifamily properties while also addressing a key equity issue, as many of New Jersey's lowest-income residents live in Multifamily rental properties.

Additionally, it is crucial for the stability of the Multifamily market as a whole that a proportion of HOMES and HEEHR rebate funding be set aside for market-rate Multifamily properties. As both the HOMES and HEEHR programs will be easier and faster for single-family properties to use, a portion of the funding needs to be reserved for moderate-income and market-rate Multifamily properties. Otherwise, projects at Multifamily properties, with their inherent "split incentive" barrier, technical complexity and longer implementation timelines, will largely miss out on the chance to leverage the federal funding. We suggest a set aside of the non-Low-Income allocation for market-rate Multifamily projects.

Modeled and Measured Savings for HOMES

EEA-NJ has previously shared highlights of and resources on both approaches. We and most of our members now support a flexible approach that allows **both** pathways. Our members see this approach as a way to accommodate diverse project needs and integrate with existing programs, while helping evolve the market for energy efficiency. We encourage further consultation with aggregators and existing program implementers to effectively design a program that advances savings realization rates and energy efficiency's value as a grid resource while maintaining a streamlined customer customer experience.

Increase Dialogue with Implementers

New Jersey energy efficiency program implementers have a wealth of experience and knowledge on making programs work, both in New Jersey and in neighboring states and regions. We encourage the BPU to invite representatives from current and prospective utility, WAP and market based program implementers to provide their feedback and recommendations for the HOMES & HEEHR programs. This is especially important given the strong agreement that these programs should bolster and enhance existing program offerings, which are implemented by these stakeholders.

EEA-NJ would be happy to convene a conversation between Board staff and those of our members who are utility program implementers. We encourage the Board to solicit input from all interested implementer firms in New Jersey.

The Energy Efficiency Alliance of New Jersey appreciates this opportunity to comment, and we welcome any questions you may have on these recommendations.

Sincerely,

John Kolesnik
Policy Counsel
Energy Efficiency Alliance of New Jersey