



Rockland Electric Company

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January 16, 2024

Sherri L. Golden, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

RE: In the Matter of the Petition of Rockland Electric Company for Approval of its
Energy Efficiency and Peak Demand Reduction Programs

BPU Docket No. QO23120875

Deficiency Response of Rockland Electric Company

Dear Secretary Golden:

Enclosed for filing in the above matter is the Response of Rockland Electric
Company to the BPU Staff Deficiency Letter of December 28, 2023.

Respectfully submitted,


Margaret Comes

c: email service list

Enc.

In the Matter of the Petition of Rockland Electric Company for Approval of its Energy Efficiency and Peak Demand Reduction Programs

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Response of Rockland Electric Company
to December 28, 2023 Deficiency Letter

Core Programs

II. Program Description

a. States the following:

The utility shall provide a detailed description of each proposed program for which the utility seeks approval, including, if applicable:

ii. Target market segment – including eligible customers, properties, and measures/services – and eligibility requirements and processes

This Minimum Filing Requirement (“MFR”) requires the petitioner to submit a description of the target market segment and eligibility requirements and processes. The eligibility requirements for the Income Qualified Program (e.g., income thresholds and categorical eligibility requirements) for individually screened customers was not provided.

RECO Response (MFR II.a.ii):

- Income thresholds for the Income Qualified is currently planned to be less than or equal to 400% of the Federal Poverty Line (“FPL”) for participation, with enhanced incentives for customer at or below 250% of FPL. The Utilities recognize that the State may make some modifications to their definition of low-to-moderate income customers as part of their consideration of the implementation of certain programs under the Inflation Reduction Act. With that in mind, the Utilities are open to discussing potential modifications to eligibility in conjunction with BPU staff and the Equity Working Group.
- The Utilities will include categorical eligibility based on participation in other income qualified programs. Due to the nature of these programs, particularly where programs and program requirements can be changed, added or removed, the utilities intend to update this list as needed, to meet the needs of customers and the program.

Recognized Program	Categorical equivalent
Low Income Home Energy Assistance Program (LIHEAP)	Low
Lifeline	Low
Medicaid	Low

Recognized Program	Categorical equivalent
Supplemental Nutrition Assistance Program (SNAP)	Low
Head Start	Low
Food Distribution Program(s)	Low
National School Lunch Program – Free (NSLP)	Low
Home Improvement Program Grants (HIP)	Low
Housing Opportunities for Persons with AIDS	Low
Supplemental Social Security (SSI)	Low
Weatherization Assistance Program (WAP)	Low
Pharmaceutical Assistance for Age and Disabled (PAAD)	Low
Section 8	Low
Section 202	Low
Section 811	Low
Temporary Assistance for Needy Families (TANF)	Low
General Assistance (GA)	Low
Universal Service Fund (USF ¹)	Low
PAGE	Moderate
NJ Shares	Moderate
Federal, State, or City Affordable Housing >50% residents receiving tenant-based assistance	Low
Public Housing (housing owned and operated by Public Housing Authorities)	Low
Privately-owned multifamily buildings that house >50% residents receiving tenant-based assistance	Low
Privately owned multifamily buildings receiving project-based assistance (Section 8, Section 202, Section 811)	Low
Low Income Housing Tax Credit (LIHTC) >50% of tenants	Low

iv. Proposed incentive structure or incentive ranges, including incentive payment processes and timeframes

This MFR requires the petitioner to provide proposed incentive payment timeframes for proposed programs. This information was not provided for the Direct Install and Next Generation Savings programs.

RECO Response (MFR II.a.iv):

Direct Install: The Utilities will strive to complete customer contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork and completion of program requirements, such as necessary field inspections (if required).

¹ The Utilities recognize that in recent years, the BPU had expanded income eligibility for the Universal Service Fund program to customers that traditionally fell in a moderate-income range. However, it is expected that these customers would have completely cycled through the system by January 1, 2025, the start of the Second Triennial.

Next Generation Savings: The Utilities will strive to complete payments within 60 days following completion of work, submission of complete and required paperwork and completion of program requirements, such as necessary field inspections (if required).

c. States the following:

In areas where gas and electric service territories overlap, the utility shall provide a description of the program structure for coordinated, consistent delivery of programs between the utilities and estimated coordinated budgets and allocation of costs and energy savings between the utilities. The utility shall provide a description of how the utilities coordinated their program assumptions and other factors that could influence results for each coordinated program.

This MFR requires the petitioner to provide estimated coordinated budgets and allocation of costs and energy savings between the utilities. The petitioner noted that the unpredictable nature of energy costs and savings make it difficult to determine a potential budget for overlapping utilities and did not provide estimated coordinated budgets or allocation of costs and energy savings between the utilities.

RECO Response (MFR II.c):

In section 15 of its Petition (page 12), RECO refers to its overlapping utility budget or, alternatively, the outflow of incentive funds to its partner gas utilities. This amount is \$5,977,272.

In Appendix A of Exhibit-1: Triennium 2 EE & PDR Programs Plan (page 80), RECO indicates the annual and cumulative totals of the net gas savings it forecasts to achieve on behalf of its partner gas utilities. These amounts are as follows:

- PY4 = 344,680 therms
- PY5 = 1,040,499 therms
- PY6 = 1,065,410 therms
- TOTAL = 2,450,588 therms

Building Decarbonization Start-Up Programs

VII. Quantitative Performance Indicators: Targets (Referencing the July 2023 Order MFR modifications in Attachment B, pg. 22).

States the following:

The utility shall file estimated values for each program year for the following metrics:

ix. Number of distributors and contractors engaged in the program

This MFR requires the petitioner to file estimated values for each program year for the number of distributors and contractors engaged in the program. This information was not provided.

RECO Response (MFR VII.a.ix):

Appendix G of Exhibit-1: Triennium 2 EE & PDR Programs Plan (page 92), RECO indicates the estimated number of distributors and contractors to be engaged in the program. These amounts are as follows:

- PY4 = 10
- PY5 = 25
- PY6 = 40

Demand Response Programs

2) Program Description

a) EDC DR Programs

i) States the following:

The utility shall provide a detailed description of each proposed program for which the utility seeks approval, including, if applicable:

1) Program description/design, including:

(e) Detailed plan with timelines and planning priorities, addressing:

(i) How their proposed second Triennium DR service programs align with DR Guiding Principles;

This MFR requires the petitioner to provide a detailed plan with timelines and planning priorities, addressing how the proposed DR programs align with DR Guiding Principles. The petitioner refers to third-party aggregators and making data available in Section 3b.iii but does not directly address the DR Guiding Principles.

RECO Response (MFR II.a.i.e.i):

The Program Description section of Section 3.b.iii (pages 55 – 57) does speak to the DR Guiding Principles in various areas. However, to summarize this more directly, RECO would like to add the following:

RECO's DR Program will align with the DR Guiding Principles in the following manner:

- Advanced Metering Infrastructure (“AMI”) – AMI will be utilized to initially quantify and perform measurement and verification (“M&V”) of the demand reductions achieved during events under RECO's Behavioral DR program and Commercial System Relief Program (“CSR”). For the latter program, RECO will apply a Customer Baseload (“CBL”) methodology² to calculate Performance Factors for each enrolled aggregator or

² The CBL for each participant is based on their average hourly electric consumption during their top five highest energy usage weekdays within the 30 weekdays prior to the DR event.

direct participant, enabling accurate and timely payments of incentives.

- Distributed Energy Resources Management System (“DERMS”) – RECO’s parent utility, Orange & Rockland Utilities (“O&R”), is in the process of developing a DERMS platform that is scheduled to be completed during the Triennium 2 timeframe. The DERMS may be utilized to schedule DR events, notify enrolled customers to participate, analyze AMI data to determine overall event performance, and process incentive payments to participating customers. Until the DERMS is completed, RECO will continue to perform all these functions using processes developed in its existing demand response programs.
- Data Transparency and Security - customers will be able to access their AMI data on their own or grant access to a third-party via a secured authorization process.
- Communication – RECO’s Bring Your Own Device (“BYOD”) Program will require participating customers to utilize equipment that has an open or standard communication protocol, such as OpenADR. This will enable RECO, its program implementer, or its evaluator to easily communicate with the equipment. monitor its performance, and extract data for the purpose of conducting M&V.
- Aggregators – a network of third-party energy service providers will be able to engage customers in the CSRP program by developing unique demand reduction strategies, enrolling in the program, monitoring performance, and collecting incentive payments.

(iii) How the utility plans to work with stakeholders involved in creating an open, portable grid flexibility service model.

This MFR requires the petitioner to provide a detailed plan with timelines and planning priorities that address how the utility plans to work with stakeholders to create an open, portable grid flexibility service model. This information was not provided.

RECO Response (MFR II.a.i.e.iii):

RECO will work with stakeholders to ensure that its DR Program creates a portable grid flexibility service model. This will be achieved through the following tactics:

- supporting secure access to AMI data which is fully deployed for all RECO customers as of March, 2019
- establishing transparent program rules and technology standards
- promoting the installation of smart devices that feature open or standard communication protocol
- sharing M&V performance results
- growing the network of participating aggregators through marketing and outreach

Timeline	Activity
Q2 2024	Expand marketing and customer outreach to increase enrollment in RECO’s existing BYOD Program (e.g. cross-promotion of the program through RECO’s MyORU Store Marketplace). Recruit and educate aggregators to enroll in RECO’s existing CSRP Program.
Q4 2024	Upon approval of RECO’s Triennium 2 DR Programs, RECO will seek to either do an RFP or extend contracts with its DR implementation contractors.
Q1-Q2 2025	Begin collaboration with the BPU and other EDC’s on the DR Roadmap Study. Coordinate on adjusting DR Program participation rules.
Q3 2025	First summer season of Triennium 2 DR events.
Q4 2025	Collect performance data, conduct M&V, and release DR reduction results within quarterly progress report.
Q2 2026	Initiate PY5 portfolio evaluation study. Process evaluation to include interviews and feedback gathering from key stakeholders (e.g. aggregators and direct participants).
Q3 2026 – Q2 2027	Repeat above activities for PY6. Ongoing engagement with stakeholders as well as with DR Roadmap Study committee.

2) Target market segment(s) and their priorities – including:

(d) Methodology to prioritize the procurement customers for DR program participation over distribution system investments.

This MFR requires the petitioner to describe the methodology to prioritize the procurement of customers over distribution system investments. This information was not provided.

RECO Response (MFR II.a.ii.d):

O&R has experience with developing and implementing Non-Wires Alternatives (“NWA”) Programs in recent years. These NWA Programs have leveraged energy efficiency (“EE”), DR, and battery storage solutions to successfully avoid or defer expensive distribution system investments.

RECO’s Customer Energy Services organization will coordinate with the Electric Operations organization to identify areas where targeted demand reduction can be used to defer or avoid distribution system upgrades. If a suitable NWA project is identified, RECO will prioritize its EE

and DR programs by geographically targeting these customers for enrollment with the aim of achieving the required peak demand reduction needs of the distribution system.

4) How demand reduction performance is measured, including data sources and methodology to calculate baseline, definition of turndown events, and capacity savings

This MFR requires the petitioner to describe how demand reduction performance is measured, as described above. The petitioner explained the methodology to calculate baseline but did not define turndown events or capacity savings.

RECO Response (MFR II.a.iii.i):

The Program Description section of Section 3.b.iii (page 55) defines that DR events are set when the forecasted day-ahead electric load approaches the RECO summer electric peak level. Customers that are enrolled in each of RECO's DR Programs will receive advanced notification regarding the upcoming event and have the option to participate. Program performance and M&V of the peak capacity reductions delivered by participating customers will follow the Company's current DR program measurement methodologies³, incorporating AMI data and industry best practices.

5) Program design and measurement to minimize rebound effects after a turndown event;

This MFR requires the petitioner to describe program design and measurement to minimize rebound effects after a turndown event. This information was not provided.

RECO Response (MFR II.a.iii.ii):

RECO may utilize the following strategies to minimize rebound effects among the collection of customers participating in DR events:

- Educate customers on the purpose of the DR Program through the messaging and reports provided.
- Limit the number of hours that each DR event is called for.
- Utilize the advanced capability of the smart thermostat devices to pre-cool the home or business to minimize discomfort and the rebound demand after the event.

³ RECO's parent company, O&R, has been implementing and measuring DR programs since 2015.

- If deemed necessary, the Company may stagger event start and stop times for the BYOD program, ensuring that all participants do not rebound simultaneously.
- Manage the diversity of the pool of participating customers such that there is a proper balance between residential, small commercial, and large commercial.

7) Any mutual exclusivity terms that may be needed for avoiding double counting in newly proposed DR programs.

This MFR requires the petitioner to address mutual exclusivity terms that may be needed for avoiding double counting. This information was not provided.

RECO Response (MFR II.a.iii.iv):

RECO and O&R have experience with running DR programs and establishing consistent rules to prevent any double-counting of the same demand reductions in more than one program. For example, customers enrolled in the Company's BYOD Program are not eligible to participate with an aggregator in the CSR Program. Program eligibility is clearly defined in the Company's program participation rules and reconciled within each program to avoid double counting.

8) Qualified equipment supported by incentives, such as smart thermostats and smart inverters:

(b) A description of data and communication standards. If the standard is not an internationally recognized standard, give justification for why.

This MFR requires the petitioner to describe data and communication standards pertaining to qualified equipment supported by incentives. This information was not provided.

RECO Response (MFR II.a.iv.ii):

The RECO DR Program will require participating customers to utilize equipment that has an open or standard communication protocol, such as OpenADR. This will enable RECO, its program implementer, or its evaluator to easily communicate with the equipment, monitor its performance, and extract data for the purpose of conducting M&V.

ii) States the following:

Capital investments, such as IT hardware and infrastructure to support DR and DERMS. Such investments may be recovered through rate-basing, but must be justified in the benefit-cost analysis.

This MFR requires the petitioner to address capital investments. This information was not provided.

RECO Response (MFR II.a.v):

As indicated in Appendix B, RECO has not requested capital investment funds for any of its programs including DR. RECO has allocated funds for IT development under its Outside Services line item, which will be required to configure its DR Programs into the future DERMS platform. These Outside Services costs are included in RECO's benefit-cost analyses.

viii) States the following:

Program participant exit/transition financial impacts including:

- 1) Administrative updates for documentation and database management;*
- 2) Reduced amortization from early termination;*
- 3) Asset purchase revenues from sold equipment; and*
- 4) Participant exit fees collected if any.*

This MFR requires the petitioner to describe program participant exit/transition financial impacts, as described above. This information was not provided.

RECO Response (MFR II.a.viii):

RECO's metrics for the DR Program, as indicated in Appendix A and G, assumes a normal level of program participants will exit or discontinue enrollment over time. For example, customers in the CSRP Program are only paid incentives for performance during events. In the event that there

is a significant decrease in the expected program enrollment or event participation, RECO will appropriately adjust its DR budget forecasts and reduce its cost recovery.

c) States the following:

The utility shall provide the following information about the proposed Demand Response program(s):

iii) Data Transparency

1) To support any evaluation-related work, data should be provided by the utility or state or their program administrator in full and within four weeks of the request. Time extensions may be approved by Staff if they are received more than a week before the data are due and if a meeting has been held with the Statewide Evaluator team requesting the data to identify if there are adequate substitutes (in the Statewide Evaluator’s judgment) for the initially-requested data.

This MFR requires the petitioner to provide data to support evaluation-related work in full and within four weeks of the requests, as described above. This component of the proposed program was not included.

RECO Response (MFR II.c.iii.i):

RECO will strive to provide the Statewide Evaluator (“SWE”) with requested data within a four-week timeframe. If this is not possible, RECO will schedule a meeting with the SWE to request a time extension or identify a substitution with an alternative to the requested data.

2) Data delivery must use appropriate secure delivery systems.

This MFR requires data delivery using secure delivery systems. The petitioner did not address secure delivery systems.

RECO Response (MFR II.c.iii.ii):

RECO will utilize a secure file transfer protocol (“SFTP”) for transmitting any requested data back to the SWE. Where applicable, RECO will ensure that any required non-disclosure agreements and vendor risk assessment checklists are sent over and completed well in-advance of the data delivery deadline.