

June 12, 2024

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Secretary of the Board
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Reference: Docket No. QO24020126

Dear Secretary Golden:

Our organization reviewed the Request for Information regarding the next iteration of the state's Energy Master Plan and respectfully submit our comments and concerns. Our member community represents over 10,000 licensed contractors who understand the heating, ventilating, air conditioning and refrigeration needs of New Jersey residents. Our members are trusted to design, install, service, and repair HVAC equipment and systems of all sizes and complexities. We believe the experience and knowledge of our members has immeasurable value and will be critical to achieving the states decarbonization and clean energy goals in cost-effective manner.

Please consider the following technical and logistical comments. If accepted, we believe would support a successful implementation of the next Energy Master Plan.

- **Mandated electrification is not a one-size-fits-all solution that will achieve New Jersey's decarbonization goals, as each home and customer have different energy needs and configurations.** Full electric conversions have complex requirements, often quite costly and time consuming. Further, a large percentage of system replacements are performed on an emergency basis, with little time to perform required upgrades, further impacting customers' heating or cooling abilities.
- **Utility energy efficiency incentive programs are more important than ever to ensuring the customer seriously considers installing the high efficiency options that our members present to customers.** Over the past few years, we have seen substantial increases in HVAC equipment costs and we expect more price increases from manufacturers in the coming years. We are often competing against other contractors who are proposing baseline efficiency equipment which is significantly cheaper and easier to install. We know this isn't the right decision in the long run for that customer or for society. To have a fighting chance to counter that low-ball, baseline efficiency equipment proposal from

other contractors, you must continue to have the utilities offer strong incentives and no-cost financing.

- **We are your front lines for decarbonization and are ready to promote the installation of electric heat pumps when it should save the customer money and the customer wants to install that equipment.** However, many customers still want natural gas equipment and incentives must be preserved. Without strong incentives and 0% financing (preferably on-bill repayment) for high-efficiency natural gas equipment, it is more likely the customer will choose lower efficiency gas equipment. That won't help the state reach their goals.
- **We strongly encourage the state to offer stronger incentives for hybrid heating solutions.** Hybrid solutions allow customers to take advantage of heat pumps cost-effectively, as smaller heat pumps paired with existing gas heating systems do not require expensive upgrades to electric panels, ductwork, and added dehumidification equipment. Hybrid solutions also allow customers take advantage of the benefits of heat pumps at reasonable costs.
 - It is important to size heat pumps and other equipment in the home according to ACCA Manual D, J, & S protocols, ANSI Standards, and International Mechanical Code as required by New Jersey Building Code.
 - Heating capacity needs in New Jersey are significantly higher than air conditioning requirements. The existing electric panels and ductwork are typically sized to the cooling load and would require expensive upgrades for full heating load sized heat pumps. These upgrades can easily reach costs over \$10,000 per home. Homes without air conditioning may not have the requisite space for condensing units.
 - Covering the entire heat load with an electric heat pump is typically more expensive for customers to operate in heating season as compared to a high-efficiency natural gas furnace.

We thank you for taking the time to consider our comments.

Sincerely,

Stan Orzechowski, Vice President Bens ProServ

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