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VIA ELECTRONIC MAIL

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Sherri L. Golden, RMC
Secretary of the Board
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
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RE: Comments of Atlantic City Electric Company on the
2024 Energy Master Plan Update
BPU Docket No. QO24020126

Dear Secretary Golden:

On behalf of Atlantic City Electric Company (“ACE” or the “Company”), please accept these comments in connection with the New Jersey Board of Public Utilities’ (the “Board”) request for input on the 2024 Energy Master Plan (“2024 EMP”) update. The Company appreciates the opportunity to participate in this initiative and values the open and constructive way that the Board has solicited public input. Please note that ACE, as a member of the New Jersey Utilities Association (“NJUA”), has joined in comments filed by NJUA. The suggestions and policy recommendations offered in this letter are in addition to the comments reflected in NJUA’s submission.

As the Board reviews written comments and evaluates the input that was received at the EMP open public hearings from May through June 2024, ACE respectfully requests that the Board consider the following comments.

Sincerely,

/s/ Amber Perry

Amber Perry
Vice President Regulatory Policy & Strategy
On Behalf of Atlantic City Electric Company

Introduction

ACE supports the State's goals of 100% clean energy by 2035 and reducing greenhouse gas emissions 80% below 2006 levels by 2025. Notably, the clean energy goal has been accelerated since the release of the previous 2019 Energy Master Plan. The Company has taken significant actions to support these policy goals and is actively developing a climate-ready pathway, one where the utility serves as the connector of climate solutions and magnifies their collective benefits. In the subsequent sections of these comments, the Company provides, by EMP strategy, updates on actions taken to support these policy goals as well as recommendations for consideration in the 2024 Energy Master Plan update that can serve as an effective framework to achieve these laudable goals.

Strategy #1: Reduce Energy Consumption and Emissions from the Transportation Sector

ACE recognizes that transportation electrification will continue to be an integral part of New Jersey's decarbonization efforts, with a 2025 goal of 330,000 light-duty EVs on the road. Transportation electrification is one of the Company's central strategic focuses, with an emphasis on readying the electric system for growth in EV load and easing the transition to EVs for customers.

Our EVsmart program provides incentives to help with the electrical costs of installing EV service equipment and chargers. We provide these incentives to high-impact EV charging locations, such as charging at multifamily properties, workplace, and public locations. To help increase customer access to the benefits of EV adoption and facilitate an equitable distribution in the communities we serve, ACE provides additional incentives, up to 100% of make-ready electrical upgrade costs, for charging in overburdened communities. Through 2023, the EV charging incentive program has fully processed 327 applications and awarded more than \$340,000 to customers.

ACE offers several rate designs as anchor programs to encourage EV adoption and EV charging at optimal times. In the past year, customers were able to enroll in a residential off-peak charging credit program if they receive their electric supply through Basic Generation Service. This program provides \$0.02/kWh net off-peak credit for customers that charge their vehicles overnight, providing a benefit to EV owners as well as to the grid through shifting load. The Company also introduced kWh-based rates on the MGS-SEVC tariff specific to sites that support Direct Current Fast Charging (“DCFC”) that are designed to address the high-demand charges that DCFC can incur. ACE continues to evaluate charging data to inform future potential rate options.

Through our EVsmart Website, ACE offers an array of tools to help customers better understand EV ownership and make EV-related decisions. These tools range from fuel savings calculators to an EV charger location finder.

ACE recommends that the 2024 EMP identify the strategic role that utility programs can play to facilitate increased deployment of EVs, such as the make-ready incentives and load flexibility programs discussed above. These programs reduce emissions and help to reduce electrical bill costs by avoiding costly peak demands.

Strategies #2 and #5: Accelerate Deployment of Renewable Energy and Distributed Energy Resources & Decarbonizing and Modernizing New Jersey’s Energy System

ACE believes that as the State develops the 2024 EMP, it should highlight three primary areas in this portion of the report. First, further development of load flexibility programs and tariffs will help encourage future DERs to take advantage of existing system capacity. Second, New Jersey should seek to enhance the regulatory mechanisms pertaining to the utilities’ ability to recover investments that are critical to enabling more DERs, such as investments to proactively expand system capacity and investments to deploy management tools, like a Distribution Energy Resource Management System or DERMS. And third, greater deployment of customer and utility-owned energy storage devices will enhance grid flexibility and accommodate future DERs. The State should consider allowing an all-of-the-above approach regarding incentivizing storage ownership to remove limits on the technology’s growth.

Looking forward, continued investment in the next generation of utility energy efficiency programs, smart rate designs, and load flexibility programs will be necessary to achieve the 2024 EMP vision. Such programs can present tangible benefits to all customers. And as such, the 2024 EMP should reassert the role the utilities can play in advancing adoption in each of these areas. Also, as part of the 2024 EMP, there needs to be consideration of balancing affordability and healthy investment in the technologies and programs to advance the State's decarbonization initiatives. To this end, ACE is committed to partnering with the State to design ACE's programs to produce positive benefits for customers and that residents and businesses across southern New Jersey have equitable access to these programs.

Strategies 2 and 5 in the 2019 Energy Master Plan both concern enablement of clean DERs and generation. At ACE, connecting customers to clean energy sources is a top priority. ACE's distribution system connects customers to offshore wind, community solar and distributed solar. ACE currently has more than 720 MW of solar capacity connected in our service area representing approximately 28% of our peak load. Further, ACE's ongoing investments in its Powering the Future program, a \$93.1 million portfolio of projects the Company will perform during the next four years to further modernize and enhance the local energy grid and advance new clean energy opportunities across southern New Jersey and will unlock closed feeders (among other investments), creating capacity for up to 50,000 new rooftop solar customers.

In support of greater adoption of DERs, such as large-scale solar, the Company has adopted new ways to plan for reliability. This includes proactively investing in different capabilities and grid modernization efforts to support the reliable integration of clean energy sources. As the Company integrates more clean energy sources and new technologies, affordability must continue to be a core focus. ACE is implementing several initiatives, such as our ongoing roll out of the Smart Energy Network, that will ultimately reduce costs by increasing the operational efficiency of the grid.

**Strategies #3 and #4: Maximizing Energy Efficiency and Conservation, and
Reducing Peak Demand**

In support of the State’s clean energy goals, ACE currently implements a range of energy efficiency and energy conservation programs in coordination with the State that help customers reduce their energy usage and better manage their electricity bills. For instance, in 2017 the typical ACE residential customer used 716 kilowatt hours per month to power their home. In 2023, the typical residential customer used 643 kilowatt hours per month, or more than 10 percent less than they used six years ago. Furthermore, customer-facing efficiency programs directly advance equity. Specifically, the Comfort Partners program and the Company’s Moderate-Income Weatherization program minimize costs for economically vulnerable customers and are powerful tools to help customers reduce their monthly electric bills. The Company has a robust outreach plan to successfully reach these customers.

Looking forward, the Company believes continued investment in the next generation of utility energy efficiency programs, smart rate design, and load flexibility programs will be necessary to achieve the vision laid out in the 2024 EMP. For example, ACE has proposed a whole-house Time of Use rate pilot for 2025 and 2026 for residential customers as well as separately metered EV charging for residential customers when sufficient AMI data is available in the Energy Efficiency Triennium 2 filing. Affordability and equitable access to program incentives will continue to be a priority, and, thus, it is important for the 2024 EMP to address the overall cost of achieving the State’s goals and set clear policy direction for maintaining affordability for customers.

**Strategies #6 and #7: Supporting Community Energy Planning and Action
in Underserved Communities**

ACE strives to design inclusivity into all our energy programs and services and actively works to provide low-to-moderate income customers the benefits of the energy transition and targeted programs such as New Jersey’s Universal Service Fund and Fresh Start programs. In fact, through proactive outreach to communities ACE has seen a 37% increase in Energy Assistance Enrollment over the last five years.

As the 2019 Energy Master Plan addresses, part of community energy planning involves training the future energy workforce and improving supply chains. Our Work Readiness and Job Training programs are targeted at adults in South Jersey who are looking to change their lives through sustainable jobs. The Company's two primary workforce partnership programs—the Atlantic City Infrastructure Program and South Jersey Get into Energy Program—have supported more than 190 program graduates as of the end of 2023. Additionally, our supplier diversity program provides diverse-certified suppliers and contractors increasing opportunities in our business. In 2023, ACE purchased \$178 million in goods and services from diversity-certified suppliers, accounting for nearly 40 percent of the Company's total purchases for the year.

Further, ACE partners with New Jersey organizations to advance local climate initiatives. For example, through our partnership with ANJAC, we have supported work in Glassboro, Paulsboro, and Swedesboro over the past year to assess local flooding issues in preparation for the installation of green infrastructure (e.g., rain gardens, tree pits) to address the issues and protect water quality.

ACE believes the 2024 EMP should continue to encourage a focus on local, clean and equitable energy programs. ACE encourages the BPU to evaluate facilitating partnerships across government to support these efforts as well as support access to federal grants, such as The Infrastructure Investment and Jobs Act grants, that can accelerate energy innovation for New Jersey.

Conclusion

In conclusion, ACE is committed to supporting the State in achieving its clean energy goals. The 2024 EMP should continue to support and advance investments into the electric grid to best accommodate efficient deployment of clean energy resources while, at the same time, being able to provide affordable, safe and reliable utility service for all customers in southern New Jersey.