

Rockland Electric Company (RECO) Comments

New Jersey Energy Master Plan – 2024 Update

June 12, 2024

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Introduction

Rockland Electric Company (“RECO” or “the Company”) welcomes the opportunity to submit the following comments regarding the 2024 update to New Jersey’s Energy Master Plan (“EMP”).

RECO supports New Jersey’s clean energy transition and commends the State on its efforts to develop and update the EMP. The strategies outlined in the EMP represent a significant undertaking required to facilitate the achievement the State’s ambitious clean energy goals, which reflect the urgency of the ongoing climate crisis. The utility industry stands at the forefront of this transition, balancing the need to provide safe and reliable service while adapting its role in response to state policies and the needs of its customers. These new challenges and opportunities for electric utilities include incorporating increasing amounts of renewable energy resources, such as solar and offshore wind; deploying a smart, modernized electric grid; delivering greater amounts of electricity to meet growing demand from heat pumps and electric vehicles (“EVs”); and providing an

equitable clean energy transition that includes historically marginalized communities. Recognizing that utility involvement will be key in achieving the State’s goals, RECO is poised to stand in partnership with the State, its peer utilities, and its customers to achieve orderly implementation of these goals within a realistic timeframe and at a reasonable cost to customers.

RECO is the primary provider of electric service to its customers in Bergen, Passaic, and Sussex counties. Along with its corporate parent, Orange and Rockland Utilities, Inc. (“O&R”), RECO provides electric delivery services to more than 300,000 customers across southeastern New York and New Jersey.¹ In addition to these services, RECO also offers its customers programs to facilitate a transition to clean energy, including building energy efficiency upgrades and EV incentives. RECO is also able to call upon the resources and experience of both O&R and its affiliate, Consolidated Edison Company of New York, Inc. (“Con Edison”), which adds to RECO’s unique perspective on the EMP.

Our hope is that these comments, which leverage years of experience administering energy services and customer programs in both New Jersey and New York, can offer a unique and vital perspective that will help the State develop sound policy solutions that can achieve its climate and energy goals while maintaining safe, reliable, and affordable energy service to all residents in New Jersey.

The following comments are divided into sections that correspond to specific strategies set forth in the EMP. Each section begins with an overview of RECO’s activities and programs in that area. Following that overview, RECO offers its response to specific questions the New Jersey Board of Public Utilities (“NJBP”) has posed to stakeholders. In the conclusion of each section, RECO provides a list of specific key actions the State can take to further the goals of that strategy.

We are available for further conversation and discussion on the topics discussed below. For more information, please contact,

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¹ Orange & Rockland Long Range Plan. <https://www.oru.com/en/our-energy-future/our-energy-vision/long-range-plan>

Strategy 1 – Reduce Energy Consumption and Emissions from the Transportation Sector

Introduction

The following section relates to the transportation sector in New Jersey, its impact on RECO’s customers and utility business, and the opportunities available to the State for reducing greenhouse gas emissions through policy decisions affecting this sector. These comments intend to provide the perspective on the role of the utility to aid in developing effective, scalable solutions in this sector.

RECO’s customers are predominantly single-family residential households in suburban or rural areas in northern New Jersey. For these types of customers, access to private EV charging, workplace charging, and public Direct Current Fast Charging (“DCFC”) along major transportation corridors are critical factors that influence a decision to own an EV versus a conventional internal combustion engine vehicle.

Responses to Questions from NJBPU

1. What could the evolution of transportation electrification incentives look like? On which sectors should the State focus for spurring electrification (for instance, used EVs, medium- and heavy-duty vehicles, and/or ports)? Where will incentives no longer be necessary and when?

There is still tremendous potential for the growth of EVs and EV infrastructure in New Jersey. The NJBPU should continue to enable electric distribution companies (“EDCs”), like RECO, and other public and private entities to invest in programs that spur EV adoption and support deployment of EV infrastructure on a level that is on par with other states such as New York that have similarly ambitious clean energy and EV goals. RECO is able to leverage the experience and success in New York of O&R and Con Edison to contribute to meeting New Jersey’s clean energy and transportation goals. In its New York territory, O&R offers four programs targeting public-charging infrastructure development: the Commercial & Residential Make-Ready Programs, Fleet Assessment Services, and Medium-Duty and Heavy-Duty Fleet Make-Ready, to encourage the development of public DCFC and L2 chargers. These programs are designed to support the development of public-charging infrastructure by reducing the upfront cost to customers of developing EV-charging sites. The learnings from these programs can be leveraged to design effective programs that can spur adoption in RECO’s service area as well.

The EV ecosystem envisioned by the NJBPU extends beyond public serving charging stations and will include private fleet charging, a critical component to achieving the State’s clean energy targets. RECO notes that EDCs are well positioned to offer Fleet

Assessment Services to Medium- and Heavy-Duty (“MHD”) fleet owners and operators who are interested in transitioning to an EV fleet. RECO can leverage O&R and Con Edison’s experience with the MHD program² in New York and recommends that the NJBPU broaden its focus to include MHD solutions.

As EV adoption continues its upward trajectory, the impact of EV charging on the electric grid will be significant. Without programs that encourage beneficial charging behavior, EV charging can increase the need for significant infrastructure upgrades. Managed charging programs can minimize this impact, as well as reduce peak demand on the grid. Managed charging programs are preferred by EV drivers over rate solutions because managed charging satisfies customer preference for earning incentives over bill savings. This can be seen in New York where O&R’s residential managed charging program has seven times the enrollment of the EV Time of Use rate program in one-fifth of the time.

RECO proposed to implement a five-year EV managed charging program, which the Company has designated Smart Charge New Jersey (“SCNJ”).³ SCNJ will be a passive managed charging program and is similar to O&R’s managed charging program in New York and leverages O&R’s experiences and lessons learned. This program is structured to match the RECO service territory’s demographics and customer characteristics, to enhance its attraction to potential participants. RECO’s proposed charger-based SCNJ will provide ongoing incentives to enrolled RECO customers for off-peak charging during the summer months (*i.e.*, June, July, August, and September) via approved residential chargers. Incentives will be provided via e-gift cards annually.

The SCNJ builds upon the successes and lessons learned of New York’s and New Jersey’s existing managed charging programs. Specifically, SCNJ aligns with managed charging programs offered by the other EDCs (*e.g.*, Public Service Electric and Gas Company and Jersey Central Power & Light Company) and will provide residential customers with an EV experience that is consistent with the experience of other customers in New Jersey. Moreover, the Company is leveraging the New York experience of O&R, which has designed and deployed existing EV programs. RECO urges the NJBPU to approve their proposed five-year EV managed charging program, SCNJ, so customers can begin to receive earning incentives which will encourage beneficial charging behavior.

² Since 2020, O&R and Con Edison have offered a pilot MHD Fleet Assessment Service providing custom solutions and incentives for commercial fleet electrification. <https://www.oru.com/en/our-energy-future/electric-vehicles/new-york/commercial-ev-drivers/fleet-owners-and-operators>

³ BPU Docket No. EO20110730, *In the Matter of the Petition of Rockland Electric Company for Approval of an Electric Vehicle Program, Establishment of an Electric Vehicle Surcharge, and for Other Relief*, RECO Managed Charging Petition, filed December 20, 2022.

2. As the State moves to reduce emissions from the transportation sector, what can be done to reduce overall vehicle miles traveled in the state? What collaborations are necessary, and what strategies and examples can New Jersey employ and learn from to achieve this goal?

RECO’s customers are predominantly single-family residential households in suburban or rural areas in northern New Jersey and many depend on personal vehicles for their commutes and daily lives. Therefore, while RECO supports efforts to improve public transportation and increase ridesharing and other strategies to reduce the amount of vehicle miles traveled, it is critical to support programs that reduce emissions from the transportation sector.

RECO recommends that the NJBPU invest in and incentivize more public DCFC and at-home L2 chargers. The need for public L2 chargers is small, while the need for public DCFC and at-home L2 chargers is very large. In addition, chargers at multi-unit dwellings are under-funded and could benefit from more targeted incentives. Investing in and incentivizing more public DCFC and at-home L2 chargers will help to increase support for EV adoption.

Recommended Actions for Strategy 1

- Advance a managed charging program operated by the State’s EDCs, based on the “Smart Charge NJ” Proposal.
- Increase investment in and expand incentives for public DCFC and at-home L2 chargers.
- Expand incentives for Medium-Heavy Duty EVs and establish a utility-run pilot program for solutions in this sector, similar to the MHD EV Fleet Assessment pilot offered by O&R and Con Edison in New York.
- Expand the State’s DCFC network along major transportation corridors.

Strategy 2 – Accelerate Deployment of Renewable Energy and Distributed Energy Resources

Introduction

The following section relates to strategies to reduce emissions from New Jersey’s electric generation sector through the development of clean energy resources, including solar and offshore wind. This section also considers the impacts of such clean energy programs on

consumer costs, including electric ratepayers who currently fund many of the state’s clean energy programs on their monthly bills.

As a delivery utility without electric generation, RECO procures power via the wholesale energy market operated by PJM and re-sells it to customers. RECO does not currently own or maintain any generation resources but operates the electric transmission and distribution system within its service area. As discussed below, New Jersey has the opportunity to accelerate development and integration of renewables, Distributed Energy Resources (“DERs”) and energy storage by changing the rules that currently prohibit utilities from building and owning these types of resources.

Responses to Questions from NJBPU

1. What mechanisms are needed to ensure clean energy development incentives are aligned to match generation and load?

Due to the intermittent availability of renewable energy resources such as solar and wind, large-scale energy storage resources are needed to store and dispatch electricity to meet variable consumer demand. Currently, New Jersey is not building enough energy storage, particularly grid-connected batteries, to keep on pace and meet the state’s ambitious clean energy goals. This is due to restrictions on EDC ownership of energy storage and limitations on siting and interconnection for these resources. If the State was to establish a pathway for EDC ownership of grid-connected battery storage, these resources could be more easily and rapidly be deployed at scale, and at a lower cost to consumers, than by relying solely on third-party developers. RECO has submitted comments and recommendations relating to development of a utility-owned energy storage in New Jersey and urges the BPU to establish a pathway to allow EDC ownership of storage.⁴

EDCs are uniquely qualified to own and operate front-of-meter energy storage for several reasons. Due to their business model, EDCs have an incentive to deliver reliable and high-quality power, which grid-scale batteries are well suited to provide especially when considering the incorporation of intermittent power generation resources. These types of concerns would not be as relevant to third-party battery developers, whose primary concern is profit and who are motivated to discharge their batteries as much as possible to maximize revenues. An EDC-owned battery would only run when the system needs it, prolonging its useful life while maximizing value to energy end-users. EDC-owned energy storage not only can provide the direct benefit of transmission and distribution system resiliency and reliability, but can also participate in the PJM wholesale markets, which can

⁴ NJBPU Docket No. QO22080540, *In the Matter of the New Jersey Energy Storage Incentive Program*, RECO Energy Storage Comments, filed December 12, 2022.

maximize the benefit to customers. Any revenues the utility earns from bidding its energy storage resources into wholesale electricity and/or capacity markets could be returned to its customers to further reduce costs.

Additionally, third-party developers have encountered issues with siting, permitting, and interconnecting energy storage resources in New Jersey. As the operators of the bulk power system, EDCs own land adjacent to key infrastructure such as substations, which would make ideal sites for battery storage facilities. The EDCs' access to their own power infrastructure will facilitate the speed and ease of interconnecting these resources. EDC-owned grid-level storage can also address outstanding security concerns that could arise from an unregulated third-party connecting with the State's bulk energy system.

Finally, RECO is an established local provider with emergency response plans and relationships with local communities. Our location and relationship with our customers can help facilitate orderly buildouts, clear and transparent messaging, and local community benefits.

2. How can we accelerate the pace at which renewable generation projects are built without making it cost-prohibitive for ratepayers and/or developers?

RECO continues to streamline its interconnection process for third party-owned generation in New Jersey by being proactive in supporting applicants and bringing projects to fruition and by proactively implementing changes suggested by the NJ Grid Modernization proceedings.⁵ In addition, utility ownership of renewable generation is an important strategy in further accelerating the scale of renewable generation in New Jersey. EDC ownership of renewable energy assets best connects customers with the long-term value of clean generation, which would not be realized in a traditional power purchase contract. Distinct benefits of utility-owned renewables include the following:

- Access to utility-owned land and substations for streamlined permitting and interconnection;
- Developing new clean generation to benefit all customers for the life of the project;
- Installing clean generation on the electric system where it balances demand and transmission capacity; and
- Providing customers with ongoing benefits for the full life of the project, while maintaining utility standards for safety and reliability.

⁵ NJBPU Docket No. QO21010085. *In the Matter of New Jersey Grid Modernization Interconnection Process, Comments of Rockland Electric Company on Draft Report*, RECO's Comments filed July 19, 2022.

RECO is already established within the community and has longstanding lines of communication with our customers. RECO can leverage these relationships when it comes to permitting and operation of these assets. RECO would be able to utilize utility land for siting projects and connect to the electric system at the substation level. RECO also has emergency response plans already established with local emergency services, which allows for quick and concise response to any emergency should one arise.

Recommended Actions

- Permit EDCs to own and operate battery storage systems for the purpose of managing growing demand and integrating intermittent renewables into the State’s electric grid.
- Establish a mechanism for EDC investment in and ownership of renewable energy assets.

Strategy 3 – Maximize Energy Efficiency and Conservation and Reduce Peak Demand

Introduction

The following section relates to RECO’s energy efficiency and demand management programs for its customers. Since 2020, New Jersey’s three-year energy efficiency plan (“Triennium 1”) has enabled electric and gas utilities in the State to deliver large amounts of meaningful, cost-effective energy savings and non-energy benefits to its customers. The State is in the process of updating these programs and moving to the next three-year program cycle (“Triennium 2”). On December 1, 2023, RECO submitted its proposed plan for energy efficiency and peak demand customer programs under New Jersey’s Triennium 2, covering the period from January 2025 through June 2027, which is pending BPU approval.⁶ The eight Core programs and three additional initiatives detailed in the RECO Energy Efficiency Plan are designed to support New Jersey’s ambitious energy efficiency goals and the goals established in the 2019 EMP.

The Core programs proposed in RECO’s Energy Efficiency Plan are as follows:

1. Whole Home;

⁶ NJBPU Docket No. QO23120875, *In the Matter of the Petition of Rockland Electric Company for Approval of Its Energy Efficiency and Peak Demand Reduction Programs*, RECO Triennium 2 Energy Efficiency Plan, filed December 1, 2023 (“RECO’s Triennium 2 Energy Efficiency Plan”).

2. Income-Qualified;
3. Energy Efficient Products;
4. Behavioral;
5. Energy Solutions;
6. C&I Prescriptive & Custom;
7. C&I Direct Install; and
8. Multi-Family.

In addition to these Core programs, the Energy Efficiency Plan proposes three additional utility-led initiatives:

9. Next Generation Savings;
10. Building Decarbonization; and
11. Demand Response.

For details on these programs and initiatives, please see RECO's Triennium 2 Energy Efficiency Plan filing.

In total, the combined portfolio will achieve 56,825 MWh of energy savings. The Triennium 2 Energy Efficiency Plan will enable RECO to add adequate staffing resources to manage the Core and expanded programs which are necessary to align with New Jersey's clean energy priorities. RECO urges the BPU to approve its Triennium 2 Energy Efficiency Plan so that RECO can continue to provide important programs to help customers reduce energy use and peak demands.

Responses to Questions from NJBPU

1. Have these mechanisms been effective in broadening accessibility to energy efficiency improvements?

New Jersey's Triennium 1 Energy Efficiency program has been successful in broadening access to customer programs, reducing energy waste and encouraging efficiency for both low- to moderate-income and market-rate homes. In particular, the use of annual energy savings targets and increased awareness of energy efficiency program offerings have enabled the State's electric and gas utilities to align with the State's goals in helping to deliver affordable energy-saving and peak-reducing solutions for many residents and businesses in the State.⁷

As RECO and the State enters its second triennium of customer energy efficiency programs, with the goal of increasing market penetration to achieve higher savings targets,

⁷ ACEEE 2022 State Energy Efficiency Scorecard.
https://www.aceee.org/sites/default/files/pdfs/State_Scorecard/2022/one-pagers/New_Jersey.pdf

there are improvements that can be made to provide more flexibility in the budgetary process. This would allow utilities to quickly respond to changing market needs, improve customer satisfaction, and reduce confusion and administrative burden.

Where gas and electric utilities share overlapping service territories, the Triennium 1 proposal required extensive coordination and produced constraints on available budgets for customer programs. These budget constraints potentially limit customers' access to energy efficiency programs and the development of a clean energy economy. To address this issue for Triennium 2, RECO and the other utilities are proposing a budget adjustment mechanism to address the coordination of utility programs in overlapping, dual-fuel territories. The proposed mechanism is intended to allow investments to be made in these territories without the budget constraints and labor-intensive management of the budgets as experienced in Triennium 1. For details on this budget mechanism proposal, please see RECO's Triennium 2 Energy Efficiency Plan.

2. What else should New Jersey do to increase education and awareness and address gaps in the accessibility of energy efficiency programs?

RECO has been developing and expanding approaches on increasing education and awareness of energy efficiency programs. In the second triennium, RECO's multi-pronged direct and indirect marketing campaign aims to promote the residential and non-residential programs to all eligible customers across the Company's service territory. These outreach efforts include broad-based energy efficiency awareness campaigns, web-based engagement and information, digital advertising, email, direct mail, and hard-copy materials to promote awareness, as well as tie-ins with other RECO initiatives.

RECO acknowledges the importance of developing trade ally networks and point-of-purchase decision making. Retailers, wholesalers, and trade allies are be contacted directly, through trade associations, and via webinars, and emails to develop robust networks to increase program awareness and promote program participation. For point-of-sale incentives, signage is placed near discounted/rebated products in participating retail stores and distributors to meet customers where they shop. "My ORU Store," a digital storefront, offers RECO and O&R residential customers a curated selection of energy-saving household products with rebates applied instantly at checkout. The virtual storefront also provides individually tailored solar and battery storage selection assistance. RECO will continue to leverage its best practices and organizational experience to engage with customers and enable them to access affordable energy-efficient solutions.

To increase participation in underserved segments, including low to moderate income customers, RECO is expanding its program promotion by engaging community partners. These partner groups include faith-based organizations, chambers of commerce, business-to-business groups, and other local organizations comprised of underrepresented and socially or economically disadvantaged individuals, especially those who live within the boundaries of overburdened communities (“OBC”).

Customer energy education is a core element of RECO’s marketing and program promotion. The Company employs multiple channels for educating home and building owners and operators about the benefits of energy efficiency improvements and improved systems performance, including educational brochures, customer and market provider seminars, program promotional materials, and website content. RECO also leverages its existing relationships with municipalities, universities, schools, and other public agencies to promote programs relevant to those facilities and the communities they serve.

Finally, while education and access to energy efficiency programs have improved, some market confusion remains between the NJ Office of Clean Energy (“NJOCE”) role and the role of the utilities. The state office program marketing does not always make a clear distinction between state-run income-qualified and utility-run market-rate programs, leading to some customer confusion. NJOCE program marketing should clarify that the utilities are the providers for the state’s largest residential and mass market energy efficiency programs.

Recommended Actions

- Approve RECO’s Triennium 2 Energy Efficiency Plan to expand the Company’s energy efficiency and clean energy program offerings to its customers in the 2025-2027 time period along with increased investments to serve low to moderate income customers.
- Approve the utilities’ proposed budget adjustment mechanism to address administrative burden and eliminate budget constraints for customer programs in overlapping dual-fuel service territories.
- Promote consistency of statewide messaging to avoid customer confusion and increase effectiveness of utility program delivery.

Strategy 4 – Reduce Energy Consumption and Emissions from the Building Sector

Introduction

Building electrification, including energy efficiency upgrades, for both new construction and existing buildings is critical to achieving decarbonization goals. RECO recognizes that one of the most cost-effective first steps in decarbonizing buildings is starting the transition for new construction and retrofit market when equipment fails. RECO supports the reduction of building emissions by supporting building heating electrification, building envelope, and energy efficiency upgrades. The Building Decarbonization (“BD”) program promotes customer installation of heat pumps and other electrification technologies.

Many customers today have efficient appliances, lighting, and smart meters that provide data for customers and the utility to better understand how they use energy. As we transition to electrified forms of heating, energy needs will shift from fossil fuel sources to the electric grid, and electric demand will increase. RECO supports building decarbonization programs and is preparing its infrastructure to meet expected rising demands.

Responses to Questions from NJBPU

1. In April 2024, the NJBPU approved a revised program that will offer financial incentives for construction of new buildings that achieve high levels of energy efficiency and that reduce greenhouse gas emissions. How can New Jersey achieve net zero emissions new construction, whether through the new construction incentive program or through additional mechanisms or initiatives?

New construction is a great opportunity to incorporate energy efficiency solutions. Utility incentives can reduce the up-front cost of all-electric solutions such as heat pumps. RECO’s Clean Heat Building Decarbonization (“BD”) Program is designed to promote the installation of clean renewable heat pump technology and other electrification technologies in all customer segments. The BD Program offers a range of measures and incentives targeting space heating and cooling and water heating. In RECO’s Triennium 2 Energy Efficiency Plan, the utility proposes to expand decarbonization incentives through this program to include cooking, laundry, and outdoor lawn care.

The BD Program builds on the experience that RECO has gained from operating its Clean Heat Beneficial Electrification (“CHBE”) Pilot Program during Triennium 1, and from O&R’s successful implementation of its Clean Heat Program in New York since 2020. This pilot program is modeled after the New York State Clean Heat Program Framework, including all procedures for determining measure eligibility and computing energy savings. Therefore, it

will be a simple matter for RECO to transition the CHBE pilot program into the BD program at the start of Triennium 2.

2. In addition to offering incentives to electrify existing oil- and propane-fueled buildings, as well as buildings heated with older and inefficient electric technologies, what else should New Jersey be doing to successfully achieve its goals of electrifying buildings heated with these technologies?

RECO recommends that the NJBPU explore technologies such as Non-Pipe Alternatives (“NPAs”) and Utility Thermal Energy Networks (“UTEN”), both of which O&R is implementing on a pilot program basis in New York. As RECO had commented on in response to Executive Order 317,⁸ UTENs can provide a unique opportunity to reduce the upfront cost for ground source heat pumps. NPAs may be a viable alternative to expanding gas in new construction while also providing a cost-effective incentive for customers to electrify their gas usage.

A diverse portfolio of solutions is needed to achieve decarbonization of buildings, and there is not going to be a one-sized-fits-all solution. Utilities can design pilot programs that evaluate various approaches to facilitate a viable transition. New Jersey may consider the successes and failures of these pilot programs at the local, regional, and national level.

In addition, RECO recommends that the NJBPU continue to support investment in the electric system. Investing in the electric system will add value today while preparing for a future increasingly reliant on EDCs as an energy provider.

Recommended Actions

- Promote the installation of heat pumps and other electrification technologies, leveraging the successful utility-run program model.
- Develop UTEN pilot programs to enable efficient building decarbonization at scale.
- Provide incentives for NPA solutions to avoid or defer gas capital projects.
- Continue to provide incentives for energy-efficient solutions such as building envelope upgrades.
- Coordinate with investment in electric grid modernization to support reliability.

⁸ NJBPU Docket No. GO23020099, *In the Matter of the Implementation of Executive Order 317 Requiring the Development of Natural Gas Utility Plans*, RECO Comments filed September 6, 2023.

Strategy 5 – Decarbonize and Modernize New Jersey’s Energy System

Introduction

The following section relates to RECO’s approaches and recommendations for modernizing New Jersey’s energy grid to support the State’s clean energy transition. Grid modernization, which includes electrification, DERs integration, energy storage, demand response, decarbonization, resiliency, and other technologies and practices, will be critical to meeting increased energy needs, as well as facilitating enhanced energy capacity.

RECO has been an active stakeholder and supporter of the State’s grid modernization efforts. RECO has submitted comments and recommendations in the State’s grid modernization proceeding and steps New Jersey regulators can take to accelerate desired outcomes in this process.⁹ These comments included detailed recommendations, as well as high-level principles for grid modernization. These principles include having flexibility in implementation, transparency of information, open forums for ongoing collaboration and stakeholder feedback, and conscientious implementation of changes. For more details on RECO’s grid modernization comments and recommendations, please see the Company’s July 2022 filing.

Responses to Questions from NJBPU

1. How can New Jersey more swiftly advance required electric distribution system upgrades with which DER project developers may be faced in order to bring their project online? Should project developers be required to pay for the full upgrade, or can financial mechanisms be put in place to reduce the upfront burden of grid upgrades, reduce or mitigate any impacts on ratepayers, and achieve cost effective expanded hosting capacity for DER?

Generation and load will need to be carefully balanced as more DERs are integrated into the State’s electric system. The future electric grid will need to support real-time operations across a diverse resource mix including traditional assets, DERs, and large-scale intermittent renewable generation connected to the bulk electric power system. In addition, with the Company’s implementation and deployment of advanced metering infrastructure (“AMI”), RECO is able to transmit, receive, and analyze extraordinary amounts of data shared from thousands of devices. RECO’s approach to electric grid modernization prioritizes investments that will develop these capabilities, deliver

⁹ See footnote 5.

resiliency, and simultaneously support New Jersey’s decarbonization and DER deployment goals.

With the increasing penetration of DERs, visibility into and reliable control of all aspects of electric grid operations have become essential. These capabilities are unlocked through the acquisition of near-real time data, expansion of high-speed communication, and automation of actionable field devices. Utilizing approaches such as distribution supervisory control and data acquisition (“DSCADA”) and the advanced distribution management system (“ADMS”) along with the development of a distributed energy resource management system (“DERMS”) will allow for RECO and other EDCs to operate the electric system safely, efficiently, and reliably. In addition, DERMS may enable additional DER capacity to be interconnected as it would enable RECO to curtail resources to avoid violations when worst-case conditions occur. This is referred to as Flexible Interconnection Capacity Solutions (“FICS”) and may permit more DERs to interconnect before it may free up more hosting capacity that is currently reserved for infrequent situations.

The advancement of the electric distribution system does not come without cost. RECO leverages the experience of O&R and Con Edison, in particular the New York Cost Sharing 2.0 program.¹⁰ Cost-Sharing 2.0 utilizes a pro rata concept under which a project that would trigger a need for a system modification, only pays for the specific distribution hosting capacity assigned to it, as opposed to the entire cost of the upgrade. The cost of the distribution system upgrade would be equitably allocated to each distributed generation and/or energy storage project interconnected on the same substation. This approach provides applicants with greater certainty regarding their upgrade cost obligations.

Some modifications may allow for greater hosting capacity than the replacement-in-kind project that an EDC would otherwise install. These projects, where a planned upgrade may be enhanced to provide additional hosting capacity, are referred to as Multi-Value Distribution Projects. Coordinating the expansion of distributed generation capacity with work that is already being planned to address asset maintenance or reliability issues is a cost-effective approach to increasing hosting capacity.

¹⁰ NYS Public Service Commission (“NYS PSC”) Case 20-E-0543, *Petition of Interconnection Policy Working Group Seeking a Cost-Sharing Amendment to the New York State Standardized Interconnection Requirements*, Order Approving Cost-Sharing Mechanism and Making Other Findings (issued July 16, 2021).

2. How should the state incorporate emerging and existing technologies such as long-duration energy storage, clean hydrogen, and demand response in net-zero emission modelling scenarios that align state emission reductions with the Global Warming Response Act of 2009?

RECO recommends that the NJBPU consider a cost-effective mix of technologies will enable the state to meet their clean energy goals. EDC ownership of clean energy assets, as stated above in our comments on Strategy 2, is one such cost-effective option. New Jersey has an opportunity to accelerate deployment of renewable resources by establishing a pathway for EDC ownership of energy storage.

New technologies should be tested in pilot programs to confirm that they work as intended, are incentivized as the correct level, and are cost-effective while prioritizing reliability. The RECO service territory is an ideal location to pilot new programs and technologies due to the unique combination of its size, as well as being able to leverage the diverse experience of O&R and Con Edison. RECO would note that the NJBPU used RECO to introduce AMI to the State.

Recommended Actions

- Continue investment in systems on utility distribution grids, such as DSCADA and ADMS.
- Allow for EDC ownership of clean energy assets, including energy storage and renewables.
- Enable a cost-sharing mechanism for allocating the costs of interconnecting DERs.
- Allow RECO explore new technologies with pilot programs.

Strategy 6 – Support Community Energy Planning and Action with an Emphasis on Encouraging and Supporting Participation by Low- and Moderate-Income and Environmental Justice Communities

Introduction

RECO supports New Jersey’s efforts to engage its residents, in particular Low- and Moderate-Income (“LMI”) customers, Overburdened Communities, and Environmental Justice (“EJ”) Communities, in the State’s clean energy transition. In order to deliver long-term value to the state, the clean energy economy will need to provide opportunities to New Jersey residents across all geographies and at all levels of income. Additional steps

are required to ensure that historically disadvantaged and disproportionately impacted customers share in the benefits of this historic transition.

Due to the location of RECO's service territory, a smaller fraction of its customers qualifies as LMI under New Jersey's criteria than in other utility service areas in the State. RECO has a low percentage of customers that are low-income with the majority of RECO's LMI customers categorized as moderate income. Moderate income families often are not aware of the social service programs that target low-income families and are not aware they are eligible to participate in these and other social services. In preparing for the second triennium Energy Efficiency Plan, RECO has enhanced strategies and launched targeted marketing campaigns to these hard-to-reach customers. These strategies involved community-by-community campaigns targeting seniors, social groups, community-based organizations, faith-based groups, and non-government organizations.

As New Jersey looks to include these populations in its energy planning process, it can look to New York for an example of policies that are designed to support LMI and EJ communities. Under New York's Climate Leadership and Community Protection Act,¹¹ a minimum of 35% with a goal of 40% of benefits must accrue to residents in state-designated disadvantaged communities. These benefits range from dollars of direct investment to more indirect benefits such as improved air quality, economic growth, and access to high-value, family-sustaining jobs. RECO's affiliates, O&R and Con Edison, are working to achieve New York State's clean energy goals. Recently, Con Edison filed a first-of-its-kind in the Nation Disadvantaged Communities Report¹² that quantifies Con Edison's investments in disadvantaged communities within its service territory. This type of data transparency provides a starting point for identifying areas of improvement and opening further opportunities for stakeholder engagement.

Additionally, LMI and EJ communities may be the most vulnerable to impacts of major storms or other climate change-related weather events, due to living in older housing or being in historically under-invested areas. This vulnerability makes electric grid resiliency especially relevant for these populations. The State should prioritize resiliency plans and making investments in critical infrastructure to continue providing safe and reliable power to all residents of New Jersey, particular in LMI and EJ communities.

¹¹ <https://climate.ny.gov/-/media/Project/Climate/Files/NYS-Climate-Action-Council-Final-Scoping-Plan-2022.pdf>

¹² NYS PSC Cases 22-E-0064 & 22-G-0065, *2023 Disadvantaged Communities Report*, filed May 31, 2024.

Responses to Questions from NJBPU

1. How can the State ensure LMI communities have access to and can afford clean energy and energy efficiency measures, and other “bridge” programs (for example: home remediation or other financing)?

RECO’s portfolio of energy efficiency programs is designed to minimize barriers to participation. Some of these barriers may include: a lack of customer awareness of programs; split incentives resulting from landlord/tenant arrangements; shortages of energy efficient products, inability to afford upfront costs of energy efficiency upgrades; pre-existing health and safety barriers in the home; and a lack of access to financing for more costly upgrades.

The Company’s program implementation teams work aims to identify barriers to participation and develop marketing plans that align marketing strategies to customer needs, particularly in LMI communities. This may include providing marketing materials in different languages or offering targeted marketing campaigns to hard-to-reach customers.

As New Jersey approach the second triennium for its energy efficiency program, it will be increasingly important that programs designed to serve LMI customers minimizes the gaps in program delivery for tenants and barriers to energy efficiency for landlord property owners who are not the account holder.

Another issue with program delivery, discussed previously in Strategy 3, relates to customer confusion between NJOCE and Utility led programs. Where NJOCE program gaps exist, utility programs should provide the solution to help property owners bring energy efficiency to their LMI tenants and buildings located in an OBC.

2. How can the State further encourage county, municipal, and other jurisdictional participation in making climate investments and advancing the clean energy transition?

Utilities and the State can collaborate to deliver a unified message to customers regarding energy efficiency and other climate and clean energy investments. Utilities are trusted energy providers and have established relationships and regular communications with customers in the context of their energy use. This makes electric and gas utilities an ideal touchpoint for providing information on energy efficiency programs and other clean energy opportunities. To coordinate these efforts, RECO recommends that the NJBPU establish workshops or forums where utilities, state agencies, and community organizations can work together to develop shared messaging.

A comprehensive, collaborative approach would be valuable in identifying vulnerabilities to various jurisdictions that could be impacted by the effects of climate change. A collaborative approach that includes a detailed study of climate projections with an investigation of how these climate projections would impact various assets and future plans can help drive focus and prioritize investments.

In the face of climate change and as society becomes increasingly dependent on resilient and reliable energy, utility investments that support the prevention, mitigation, and response to customer outages should be supported. Investments that address the impacts of climate change will help the Company continue to provide safe, reliable, and resilient energy to our customers now and in the future. This approach was used in New York. In accordance with New York State Public Service (“PSL”) Section 66 (29)¹³, O&R released a Climate Change Vulnerability Study and subsequent Resilience Plan¹⁴ which outlines a portfolio of resilience investments.

Recommended Actions

- Look to New York State for an example of monitoring, tracking, and reporting on benefits to customers in disadvantaged communities.
- Prioritize investments in climate resiliency measures to provide safe and reliable service to all, including those in overburdened communities.
- Collaborate with utilities and community organizations to provide coordinated and consistent messaging on energy efficiency and clean energy programs for customers. The NJBPU can facilitate this by establishing working groups and/or forums for this purpose.

Strategy 7 – Expand the Clean Energy Innovation Economy

Introduction

The below section relates to clean energy workforce development opportunities and recommendations for expanding them in New Jersey. In RECO’s Triennium 2 Energy Efficiency Plan,¹⁵ the Company describes its efforts to date and goals regarding workforce development in the RECO service territory. RECO’s Workforce Development Program aims to enhance job recruiting in our region, in collaboration with emerging utility and State

¹³ <https://www.nysenate.gov/legislation/laws/PBS/66>

¹⁴ Orange and Rockland *Climate Change Resilience Plan*. November 2023.

¹⁵ See footnote 5 above.

workforce programs. In addition, RECO shall offer training to advance the competencies of trades participating in energy efficiency, demand response, and building decarbonization programs while promoting diversity within the clean energy industry.

To expand the diversity of program partnerships, RECO will participate in events with community-based organizations and established groups like the BPU Supplier Diversity Development Council. These recruiting and collaborative events will provide prospective minority-, women-, and veteran-owned business partners opportunities to build their business and expand capacity in clean energy.

Responses to Questions from NJBPU

1. As New Jersey continues to invest in building a clean energy workforce, how best can community-based partners such as non-profits, social service organizations, vocational schools, and county colleges play a role in preparing New Jersey residents for clean energy occupations? What emerging or existing clean energy technologies offer the biggest opportunity for near-term job training and placement?

RECO recognizes the importance of developing and supporting a strong workforce to realize the ambitious targets of the EMP. Developing a qualified workforce is critical to the New Jersey's clean energy future. RECO seeks to foster economic opportunities and sustainable careers through supporting the hiring need of trades, program partners, distributors, manufacturers, and organizations currently supporting workforce development.

RECO will collaborate with other utilities within the State with the objective of enhancing and expanding workforce development efforts in clean energy and by providing leadership, identifying community partners, coordinating topic focused training partners, and identifying and developing a diverse network. RECO's goal is to train underqualified workers who are looking to transition to new employment opportunities in clean energy and to sharpen the capabilities of experienced trades through continuous education and skills training to advance energy efficiency program impacts.

RECO's Workforce Development Program will enhance job recruiting in our region, collaborate with emerging utility and State Workforce programs. In addition, RECO shall offer training to advance the competencies of trades participating in energy efficiency, demand response, and building decarbonization programs while promoting diversity within the clean energy industry.

The Company has made significant progress in attracting and hiring a workforce that reflects the diversity of the communities it serves and will continue to pursue that goal. To benefit fully from the knowledge, skills, and experience of its employees, RECO and its

parent company, O&R, have been working for over a decade to establish and nurture an inclusive environment where all employees feel valued, supported, and motivated to contribute to their fullest potential. This includes preparing employees for the critical role they will play in delivering a clean energy future. In addition, the Company's labor resources will have to develop new skills to accommodate the planned energy transformation. For example, O&R is working with community colleges to help guide the development of EV technician programs to build the EV workforce that will support the growth in EVs and the EV infrastructure.

2. As New Jersey establishes policies and programs to develop an in-state clean energy supply chain, what else could the State be doing to support the development of the clean energy supply chain in New Jersey?

RECO's Next Generation Savings ("NGS") Program, included in RECO's Triennium 2 Energy Efficiency Plan, will develop critical insights that can help the State with longer term strategies for reaching its clean energy and climate related goals. This program is a key step to gain technical and market understanding on the installation, performance, economic and other considerations for new customer energy-efficiency solutions. Emerging technologies are often unavailable, due to retailer/distributor failure to stock and service the new products. NGS will raise awareness and engage the New Jersey marketplace with information and case studies about the new technologies that are proven, by deployment test studies, to be high value additions to the energy efficiency programs. NGS will invest resources to familiarize program and/or trade ally partners of all types with the advantages of embracing and promoting new technologies to customers and may consider supply chain incentives.

Recommended Actions

- Coordinate the development of recruitment pathways for clean energy jobs among utilities, the NJBPU, and community-based organizations.
- Encourage utilities to partner with trade allies to promote supply chain incentives and accelerate growth of emerging industries.