



May 1, 2025

RE: NJ 2024 Energy Master Plan – Request for Information

Docket No. QO24020126

To Secretary Golden,

Thank you for this opportunity to comment on the BPU's Request for Information (RFI) on the NJ 2024 Energy Master Plan.

MaGrann Associates is a New Jersey based engineering and sustainability consulting company actively engaged in the Residential New Construction Program since its inception in 1987, as well as the utility-led Engineered Solutions Program since its statewide expansion and PSE&G's predecessor Whole Building Multifamily Program since 2010.

With a focus on multifamily and affordable housing, we deliver thousands of high-performance new construction and major retrofit units each year under these and other programs throughout the Mid-Atlantic and Northeast region.

We offer the following comments for your consideration.

Strategy 3 – Maximizing Energy Efficiency and Conservation, and Reducing Peak Demand

Regarding the utility energy efficiency programs:

- As the Triennium 2 utility energy efficiency programs roll out, we are happy to see some of the utilities have recognized the constraints that traditional cost effectiveness testing has placed on projects, particularly those pursuing comprehensive retrofits through the Engineered Solutions program. A tier 2 version of the program based on cost testing at the portfolio level (vs also requiring each individual project to pass the cost test) is a step in the right direction.
- If NJ is going to maximize energy savings and meet the emissions reduction goals laid out in the Energy Master Plan, comprehensive energy efficiency upgrades must continue to be incentivized more generously over non-comprehensive equipment replacement projects, and a higher societal cost placed on carbon to further encourage electrification where appropriate.
- As the BPU works to roll out the M-RISE program, we recommend the BPU consider the following recommendations to increase program participation and capture the greatest energy and/or emissions savings potential out of every project:
 - The multifamily sector (and likely all building types) needs its own one-stop-shop intake process so that program eligibility and the most appropriate program pathway can be determined accordingly. Many of the utilities are attempting to create this process within

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the utility-run programs, and BPU should coordinate with the utilities to ensure M-RISE program eligibility is also assessed as part of any utility-led multifamily single intake process.

- Utility programs should be leveraged to the greatest extent possible before tapping into M-RISE program funding, provided doing so does not require the application of cost effectiveness testing that would preemptively eliminate projects intended to be served by M-RISE.
- The BPU, in coordination with the utilities, should develop a mechanism for targeting program outreach campaigns to properties considering major upgrade projects at the time of their refinancing cycle. The BPU should consider whether there might be a way to track which properties are within those refinancing phases and target those properties accordingly. The BPU might consider ways they can partner with the NJ Housing Mortgage Finance Agency (HMFA) to further develop a process like this.

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

Regarding the NJCEP New Construction Program:

- We support the BPU's recent new construction program updates. Offering bonus incentives for projects that achieve certain levels of reduced GHG emissions, along with increased incentives for projects that pursue Zero Energy Ready Homes (ZERH), and Passive House will serve as a necessary next step in helping drive the new construction market closer to the eventual end goal of net zero performance. **However, the current requirement that multifamily new construction projects over four stories that would not otherwise be required to meet prevailing wage requirements must meet NJ prevailing wage for the entire cost of the development in order to be eligible for program incentives continues to pose a significant barrier to those projects' ability to participate in the program.** The NJCEP incentives fall so far short of making up the incremental cost of meeting the prevailing wage requirement (and are not intended to do so since they are designed to offset the incremental cost of meeting higher energy performance) that the program is stripped of any leverage to encourage participation and the opportunity to build to a higher performance standard is lost for the life of the building.
- Policy makers should also be alert for unintended consequences as programs transition to a focus on electrification. For example, it is critical that the recent approval of all-electric new construction projects to qualify for NCP incentives under the State Energy Program (SEP) in non-IOU utility service areas (i.e. municipal suppliers), be implemented as intended in order to eliminate the Catch-22 of high performance, fully decarbonized projects being ineligible due to not having a connection to a gas IOU supplier..

Regarding energy codes and building energy performance standards:

- In addition to utility incentives, NJ should develop a legislative mechanism to support a near-future roll out of a statewide stretch code that municipalities may voluntarily adopt. While

incentives will move the needle for some projects, these programs will not be enough to drive the majority of new construction to net zero or near net zero performance outcomes. The longer we wait to push the majority of new construction in this direction, the more resources will be needed further down the line to decarbonize those buildings that will be added to our existing building stock. To ensure jurisdictions are motivated to adopt these codes, NJ should consider all the benefits that might be provided to jurisdictions that choose to adopt these codes, such as offering technical support and trainings, mechanisms for fast-tracking permitting, etc. while also promoting some of the additional benefits of adopting stretch codes such as decreased energy costs, increased building asset value, etc.

- NJ should also plan for a near future roll out of a statewide mandated Building Energy Performance Standard (BEPS) that includes both energy efficiency and emissions reduction targets, consistent with the timing of the electric supply grid's capacity to support this transition (we believe this consideration is less critical for new construction, given the significantly smaller number of buildings affected).

Thank you for this opportunity to provide comments. The MaGrann team would be happy to engage in further discussions with the BPU or utilities on these topics.



Sincerely,

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