



Energy Efficiency Alliance of New Jersey
701 E Gate Dr.
Mt Laurel Township, NJ 08054

Comments on the Draft Energy Master Plan

Sep 16, 2019

The Energy Efficiency Alliance of New Jersey (EEA-NJ) applauds the Board of Public Utilities (BPU) for the ambition, consideration, and comprehensive approach demonstrated by the draft Energy Master Plan (EMP).

EEA-NJ is a trade association dedicated to expanding the market for energy efficiency in New Jersey. Between EEA-NJ and its sister organization, the Keystone Energy Efficiency Alliance (KEEA), EEA-NJ has more than 60 business members who provide energy efficiency products and services across the state. Our membership is large and diverse, with experience designing and implementing a variety of demand side management solutions and efficiency programs across the globe.

We are excited by the economic opportunity presented by the EMP. Energy efficiency currently accounts for more than 33,000 jobs in New Jersey, and we expect to expand that workforce significantly as the state implements the EMP. Massachusetts has less population than New Jersey but more than double our energy efficiency jobs, demonstrating what is possible through a robust and strategic policy commitment to energy efficiency. In addition to direct employment of energy efficiency workers, the investments in energy efficiency detailed in the EMP will stimulate the economy by delivering billions of dollars in energy savings for homes and businesses, all while meeting climate goals with the least cost energy resource.

In order to fully capture the opportunity before us, EEA-NJ respectfully submits the following recommendations to strengthen and clarify the plan:

1) The EMP should seek to achieve higher overall energy efficiency targets that the required minimum standards for utilities set by the Clean Energy Act (CEA).

While the CEA's 2% electricity and 0.75% gas savings requirements are certainly ambitious, studies such as BPU's own analysis conducted by Optimal Energy demonstrate that greater annual savings of roughly 3% are achievable by the end of the next decade.

The current draft of the EMP already describes strategies that cumulatively would achieve greater savings than those laid out in the CEA, as well as achieve further optimization of energy consumed through grid management, load shifting, and non-wires solutions. The EMP should

express a clear, comprehensive goal for energy savings and energy optimization that encompasses not only the required reductions under the CEA but also the total vision of state action in order to align and motivate state agencies, industry partners, and other stakeholders. This goal should be informed by independent energy efficiency potential studies such as the Optimal Energy analysis, and should be updated as market conditions, technology improvements, and ongoing experience further inform potential.

Meeting such a target will require significant commitment from state, industry, environmental, and other stakeholders. The Governor and the General Assembly have clearly indicated a desire to capture the benefits of energy efficiency and energy optimization. Energy Efficiency Alliance of New Jersey member companies stand ready to rise to the occasion and meet an ambitious target.

2) The Energy Master Plan should assign clear roles for utilities and state-run programs.

The Draft EMP is ambiguous as to the responsibility of utilities and the state for delivering energy efficiency programs. Lack of clarity from the BPU on this point has already delayed implementation of the CEA, and ongoing uncertainty threatens to derail the state's ability to meet the ambitious timeline of the law. Not only does every year without energy efficiency programs that meet the requirements of the CEA result in needless carbon emissions, but the uncertainty delays the ability of the industry to scale, and could set progress back as programs languish in limbo. EEA-NJ recommends the following delegation of responsibility:

- a. **Utilities are responsible for meeting the CEA.** While the state historically has had responsibility for the implementation of energy efficiency programs, the CEA establishes a new implementation regime for its much more ambitious targets and clearly assigns the responsibility of meeting the required electricity and gas savings to the utilities. Since utilities cannot be held accountable for savings targets that the state may or may not meet, utilities must be authorized and in fact required to submit energy efficiency plans that match the scale of required reductions under the CEA.
- b. **The state should run programs that ensure that additional goals are met, beyond the required reductions in energy consumption.** These goals include:
 - i. Ensuring broad participation in low- and moderate-income (LMI) energy efficiency programs and meeting clear targets to reduce and eventually eliminate the energy burden for LMI households.
 - ii. Investing in market transformation strategies, including workforce development, education, and early stage deployment of transformative technologies such as electric heat pumps.
 - iii. Establishing financing tools to complement energy efficiency programs, such as a Green Bank, Commercial Property Assessed Clean Energy (C-PACE), and on-bill financing (the latter in partnership with utilities).

- iv. Ensuring consistency and uniformity by setting and enforcing building codes, appliance standards, and standardizing measurement and verification protocols.
- v. Piloting new programs and strategies in partnership with utilities, such as energy efficiency credits and procurement, meter-based savings, non-wires solutions, and more.

3) The ambition of the requirements in the Clean Energy Act should be matched through other strategies to put the state on a path to meet its long-term energy goals.

These strategies are referred to in the draft EMP, but should be clarified further with specific targets set that balance ambition with achievability.

- a. The draft EMP recommends that New Jersey advocate for a zero net carbon building standard at the International Code Council (ICC). New Jersey should commit to a building code that matches California's zero net energy standard over time if the ICC does not. The code should be ramped over time to give builders, inspectors, and code officials ample opportunity to adjust, but should clearly point the state in a direction toward zero net energy construction. California estimates that its standard will save homeowners a net of \$40 a month over the life of the mortgage in reduced energy and maintenance costs, even considering the marginal increased upfront cost.
- b. The state should lead by example to demonstrate best-in-class efficiency in new and existing state-owned buildings. The EMP should set specific targets for reducing and optimizing energy use in state buildings, and establish a process for agencies to report, evaluate, and hold each other accountable for progress on an ongoing basis, such as the GreenGov Council recently established in Pennsylvania. The state should provide resources and support for local governments to implement similar programs to reduce and optimizing energy use in public buildings.
- c. The draft EMP recommends guidance and evaluation to improve building code compliance. This goal should be strengthened and clarified. The state should conduct a baseline evaluation of building energy code compliance and set specific targets for improvement over time. The targets should be informed by the baseline evaluation and stakeholder engagement, and should utilize all strategies and interventions that can be deployed cost-effectively to improve compliance.