



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF REVISIONS TO NEW JERSEY'S)
CLEAN ENERGY PROGRAM AUGUST 2012)
PROTOCOLS TO MEASURE RESOURCE SAVINGS)
)
) DOCKET NO. EO09120975

Parties of Record:

- Joe Gennello**, Honeywell Utility Solutions
- Diane Zukas**, TRC Energy Services
- Michael Ambrosio**, Applied Energy Group
- Mark Mader**, Jersey Central Power & Light
- Timothy White**, Atlantic City Electric
- Scott Markwood**, Orange & Rockland Utilities
- Bruce Grossman**, South Jersey Gas Company
- Alexander Stern, Esq.**, Public Service Electric and Gas Company
- Tracey Thayer**, New Jersey Natural Gas
- Mary Patricia Keefe**, Elizabethtown Gas Company
- Stefanie A. Brand, Esq.**, Director, Rate Counsel

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act (EDECA), N.J.S.A. 48:3-49 et seq. was signed into law. The Act established requirements to advance energy efficiency and renewable energy in New Jersey through the societal benefits charge (SBC), among other things. N.J.S.A. 48:3-60(a)(3). EDECA further empowered the Board to initiate a proceeding and cause to be undertaken a comprehensive resource analysis of energy programs, currently referred to as the comprehensive energy efficiency (EE) and renewable energy (RE) resource analysis (CRA). After notice, opportunity for public comment, public hearing, and in consultation with the New Jersey Department of Environmental Protection (NJDEP), within eight months of initiating the proceeding and every four years thereafter, the

Board would determine the appropriate level of funding for EE and Class I RE programs (now called New Jersey's Clean Energy Program or NJCEP) that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of February 9, 1999. By Order dated June 21, 2013, Docket No. EO13050376V, the Board approved FY14 programs and budgets for the NJCEP.

By Order dated September 13, 2012, Docket No. EO09120975, the Board approved a document entitled *Protocols to Measure Resource Savings* (Protocols) dated August 2012 which contains the most recent Protocols approved by the Board. The Protocols are used by the program managers to estimate energy savings and renewable energy generation.¹ The Protocols include algorithms for measuring energy and other resource savings or renewable or clean energy generation that result from the implementation of New Jersey's Clean Energy Program. The Protocols require updating from time to time as baselines against which energy savings are measured change due to upgrades in energy codes or appliance efficiency standards, as programs or measures are added or changed, as a result of program evaluations, or due to other changes in the assumptions used to measure resource savings. In this Order, the Board will consider proposed modifications to the Protocols, described below.

PROPOSED REVISIONS TO PROTOCOLS

The Office of Clean Energy (OCE) asked the Market Managers, Honeywell and TRC, to propose revisions to the Protocols to reflect FY14 program changes. The Market Managers proposed various revisions to the Protocols to reflect current codes and standards, new technologies and building practices, and other changes in the marketplace. Additional changes were proposed by the NJDEP and are included in the proposed revisions.

Applied Energy Group (AEG), the NJCEP Program Coordinator, compiled the proposed modifications to the Protocols proposed by the Market Managers and NJDEP and prepared a red-lined draft that identified all of the proposed modifications to the Protocols. On January 30, 2014, AEG circulated the red-lined draft of the proposed modifications to the *Protocols* to the Energy Efficiency and Renewable Energy committee distribution lists, including the Market Managers, Division of Rate Counsel (Rate Counsel), the State's electric and natural gas utilities, the New Jersey Utilities Association, environmental groups, and local governments, and requested comments on the draft Protocols by February 21, 2014. Several groups submitted comments, which are summarized below.

SUMMARY OF COMMENTS

Comments were submitted by Rate Counsel, Rutgers University Center for Energy, Economic, and Environmental Policy (CEEEM), the Kamson Corporation, and TRC. The substantive written comments received are summarized below.

¹ Residential EE and RE programs are administered by Honeywell, Inc., and Commercial and Industrial EE programs are administered by TRC Energy Solutions ("TRC"). Honeywell and TRC are the Market Managers for the residential and Commercial & Industrial programs, respectively. Applied Energy Group ("AEG") serves as the NJCEP Program Coordinator.

Comment: Rate Counsel objects to the inclusion of the calculation of lost revenue as one of the stated uses of the Protocols. Specifically, Rate Counsel objects to the inclusion of the following: "3. Calculate lost margin revenue recovery (as approved by the BPU.)" Draft Protocols, Page 1. Rate Counsel objects to this language based in part on its belief that the use of the Protocols to identify lost revenue is flawed in principle. Rate Counsel comments at page 3. Therefore, Rate Counsel requests that the Board clarify the role of the Protocols in calculating any lost revenues by adding: 1) that the Board would not be bound by the Protocols if it were to approve lost margin recovery², and 2) a statement that the use of the Protocols to calculate lost margin revenues does not presume Board approval of such recovery.³

Response: The Protocols were developed at a time when the Board allowed utilities to collect lost revenues that resulted from the energy efficiency programs managed by the utilities. The Board's current policies do not permit utilities to recover lost revenues. Therefore, the language referencing lost revenues has been removed from the Protocols, leaving no need to include the clarifying passages referenced by Rate Counsel.

Comment: Rate Counsel requests that future versions of the Protocols should reflect the anticipated findings of the now pending CEP's Data and Evaluation working group proceeding as well as any measurement and verification methodologies required for participation in PJM Interconnection, LLC's EE and Demand Response Programs.

Response: Rate Counsel's proposal has merit and will be addressed in future versions of the Protocols.

Comment: CEEEP proposed that the Protocols include a schedule to outline the update and revision process.

Response: CEEEP's proposal has merit and warrants further discussion. Staff will coordinate discussions with CEEEP and other interested stakeholders and assess the need for additional changes in the next proposed revisions to the Protocols to reflect the commenter's proposals.

Comment: CEEEP proposed that the electric loss factor applied to savings at the customer meter be revised from 1.11 to 0.076 based on based on a 10 year (2001 to 2010) average of the New Jersey state electricity supply and disposition dataset from the U.S. Energy Information Administration (EIA).

Response: The Protocols were updated to reflect these changes requested by CEEEP.

Comment: CEEEP made several comments regarding emissions factors and savings algorithms for CHP projects. In particular, CEEEP requested adding emissions factors for particulate matter and adopting CO₂ emissions factors for fuel types other than natural gas for CHP projects.

Response: Adding emissions factors for different fuel types is unnecessary because only natural gas systems are eligible for NJCEP CHP-Fuel cell incentives. Adding emissions factors

² 2012 Protocols Order, page 3.

³ I/M/O Revisions to New Jersey's Clean Energy Program December 2007 Protocols to Measure Resource Savings, BPU Dkt. No. ER09070460, pages 5-6 (August 7, 2009).

for particulate matter or any other pollutants will be considered further based on further discussions with the NJDEP and the Energy Efficiency Committee Evaluation Work Group.

Comment: CEEEP recommended supplementing the Protocols with measure level data sets for incremental costs and other characteristics as well as a publicly available calculation tool to determine baseline and potential future savings.

Response: The purpose of the Protocols is to assess program impacts and calculate energy and resource savings. Staff believes this proposal is outside the scope of the current document; however, this issue will be explored further in the context of the NJCEP Evaluation Work Group.

Comment: TRC requested clarification whether to use the CHP lifetime from the application or the value provided in the Protocols.

Response: The Protocols were clarified to indicate that the lifetimes set out in the Protocols will be used only in cases where such information was not provided in the application.

Comment: The Kamson Corporation proposed changing the useful life of envelope insulation measures from 17 to 30 years.

Response: Sufficient justification was provided to support the measure life revision and the Protocols were updated to be consistent with the commenter's proposal.

DISCUSSION AND FINDING

There has been sufficient opportunity for public stakeholders to comment and be heard on the proposed changes to the Protocols. As indicated earlier, Staff circulated a revised draft of Protocol revisions in January 2014, and after reviewing and considering comments of interested stakeholders, addressed the comments received in the proposed revisions to the Protocols or in this proceeding.

The Board **HEREBY FINDS** that Board Staff solicited input from public stakeholders on proposed changes to the Protocols, carefully considered the public comments to the proposed changes to the Protocols and based on those comments, circulated a revised draft of the Protocols, the result of which, reflects the input of the participants in the process. The Board **FURTHER FINDS** that the proposed changes to the current draft of the Protocols are reasonable based on the need to update Protocols from time to time to reflect up-to-date energy savings baselines reflective of upgrades in energy codes or appliance efficiency standards; additions and changes to Clean Energy programs or measures; program assessments and evaluations; and other changes in the assumptions used to measure resource savings.

The Board **FINDS** that the Protocols should continue to be updated from time to time so that they are current with federal and State codes and standards and are reflective of current technologies and building practices and other changes in the marketplace, including the addition of new NJCEP programs and program components. For the reasons set forth above, the Board **FINDS** that the proposed Protocols include reasonable methodologies and are appropriate for estimating energy savings and renewable and distributed generation. The Board supports ongoing program evaluation to inform additional updates to the Protocols and **DIRECTS** the OCE to continue coordinating the development of an evaluation plan. Based on the above, the

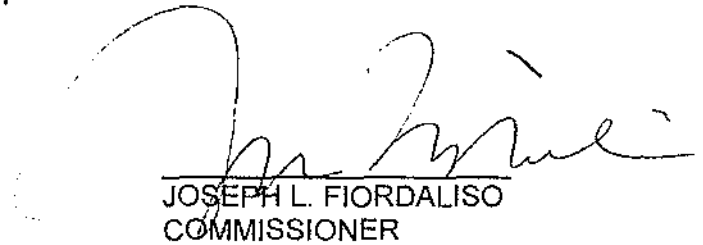
Board **HEREBY APPROVES** the Protocols to Measure Resource Savings dated March 17, 2014 for use in estimating savings from FY14 program measures.

DATED: 5/21/14

BOARD OF PUBLIC UTILITIES
By:


DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

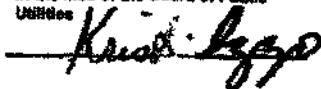

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ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
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2012 PROTOCOLS TO MEASURE RESOURCE SAVINGS
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