NOTICE OF AVAILABILITY

Docket No. QO19010040 – In the Matter of the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; and

Docket No. QO18121302 – In the Matter of Approval of Contract for Energy Efficiency Technologies Research and Studies – Completion of the Energy Efficiency Market Potential Study

VIA EMAIL ONLY – SenSweeney@njleg.org
The Honorable Stephen W. Sweeney
Senate President
935 Kings Highway, Suite 400
West Deptford, NJ 08086

VIA EMAIL ONLY - AsmCoughlin@njleg.org
The Honorable Craig Coughlin
Assembly Speaker
569 Rahway Avenue
Woodbridge, NJ 07095

VIA EMAIL ONLY - LoMara@njleg.org
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Dear President Sweeney, Speaker Coughlin and Director O’Mara-Van Driesen:

As directed by the Board of Public Utilities on May 28, 2019, Board Staff provides this Notice of Availability of the Energy Efficiency Market Potential Study (“EE Study”) prepared by the consultant engaged by the Board pursuant to the Clean Energy Act’s Subsection d(3)(b) (the Act), codified at N.J.S.A. 48:3-87.9(b). A copy of the Study and literature review may be found on the Board’s website at www.nj.gov/bpu.

BACKGROUND

1) Early in the Murphy Administration, the Governor and the Legislature recognized the need to address more vigorous energy efficiency implementation in the State and responded with specific directives to the Board in the Clean Energy Act of 2018, L. 2018, c. 17 (“the Clean Energy Act” or “the Act”). One of these directives was the issuance of a study identifying the market potential for energy efficiency and Qualitative Performance Indicators (“QPI”) for the State’s four Electric Distribution Companies (“EDCs”).

2) With the assistance of its consultant, Optimal Energy, Staff engaged stakeholders in a public proceeding consistent with the provisions of the Act, including four stakeholder meetings to discuss data availability, the intended methodology, model assumptions and inputs, and preliminary results and findings.
The meeting dates and topics were as follows:

- February 28, 2019: Data Sources and Key Global Inputs;
- March 15, 2019: Measure Characterization and Key Model Inputs;
- April 23, 2019: Preliminary Model Results; and
- May 3, 2019: Draft QPIs, Utility Targets, and Performance Incentive Structure

The EE Study includes what Optimal Energy believes to be realistic and achievable five-year targets for electric and gas sales reductions. Optimal Energy estimates that the maximum achievable potential exceeds the values recommended in the EE Study but that New Jersey administrators will need time to ramp up to the minimum 2% electricity reduction and 0.75% natural gas reduction required in program year five.

Stakeholders were provided the draft EE Study on May 9, 2019 and were asked to provide comments to Board Staff by May 16, 2019 at 5:00 p.m. Those comments have been summarized and have been made an attachment to the final EE Study.

On May 28, 2019, the Board authorized the release of the EE Study through a Secretary’s Letter.

**NEXT STEPS**

1) Pursuant to the Act, the Board on May 28, 2019 adopted the energy savings targets and QPIs for electric and gas as preliminary, pending a final comprehensive recommendation from Staff on program plans, budgets, cost recovery, evaluation measurement and verification requirements for each individual utility.

2) The Board approved the establishment of an Energy Efficiency Advisory Group and its role as an advisor to Staff in the refinement of the program.

3) The Board advised that utilities should continue with their current energy efficiency programs, until the Board makes further determinations with respect to the program planning details required to implement the Energy Efficiency Program.

4) The Board directed Staff to initiate a stakeholder proceeding to receive comments and recommendations from interested parties on the proposed methods to the program.

Please note that this letter and the aforementioned report will also be posted to the webpage devoted to this proceeding which also includes other relevant materials such as stakeholder responses to Staff’s request for comments at: [http://www.njcleanenergy.com](http://www.njcleanenergy.com)

Should you have any questions on the Study, please do not hesitate to contact Board Staff member Scott Hunter at Benjamin.hunter@bpu.nj.gov or (609) 292-1956.

Sincerely,

Aida Camacho-Welch
Secretary to the Board

/dg

Scott Hunter, Office of Clean Energy