



Agenda Date: 5/28/19
Agenda Item: 8B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE IMPLEMENTATION OF <u>P.L.</u>)	ORDER ESTABLISHING AN
2018, <u>c.</u> 17 REGARDING THE ESTABLISHMENT OF)	ENERGY EFFICIENCY
ENERGY EFFICIENCY AND PEAK DEMAND)	ADVISORY GROUP
REDUCTION PROGRAMS)	
)	DOCKET NO. QO19010040
IN THE MATTER OF THE CLEAN ENERGY ACT OF)	
2018 – ENERGY EFFICIENCY AND PEAK DEMAND)	
REDUCTION PROGRAMS AND THE ENERGY)	
EFFICIENCY ADVISORY GROUP)	DOCKET NO. QO19050547

Parties of Record:

- Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**
- Michael Ambrosio, TRC Energy Services**
- Timothy White, Atlantic City Electric Company**
- Deborah M. Franco, Esq., Elizabethtown Gas Company**
- Mark Mader, Jersey Central Power & Light Company**
- Andrew Dembia, Esq., New Jersey Natural Gas Company**
- Sandra Easton-Perez, Orange & Rockland Utilities**
- Susan Ringhof, Public Service Electric & Gas Company**
- Bruce Grossman, South Jersey Gas Company**

BY THE BOARD:

This Order memorializes action taken by the New Jersey Board of Public Utilities (“Board” or “BPU”) at its May 28, 2019 agenda meeting to implement the energy efficiency provisions of the Clean Energy Act of 2018 by establishing an independent advisory group to evaluate elements of the prospective energy efficiency and peak reduction programs.

BACKGROUND

On May 23, 2018, Governor Murphy signed P.L. 2018, c. 17, codified at N.J.S.A. 48:3-51-87 into law (“Clean Energy Act” or “CEA” or “Act”), effective immediately. Amongst other things the Act mandates that the Board require each electric public utility to develop an energy efficiency program to “achieve annual reductions in the use of electricity of two percent of the average annual usage in the prior three years within five years of implementation of its electric energy

efficiency program" and each gas public utility to develop an energy efficiency program which "achieve annual reductions in the use of natural gas of 0.75 percent of the average annual usage in the prior three years within five years of implementation of its gas energy efficiency program." N.J.S.A. 48:3-87.9.

In furtherance of this mandate, the Act requires the Board to complete a study to determine energy savings targets for each utility and the timeframe to achieve reductions. N.J.S.A. 48:3-87.9(b). In addition the Act requires the Board to adopt quantitative performance indicators to establish utility targets for energy usage reduction and peak demand reduction. N.J.S.A. 48:3-87.9(c).

The Act specifically provides:

f. (1) The board shall establish a stakeholder process to evaluate the economically achievable energy efficiency and peak demand reduction requirements, rate adjustments, quantitative performance indicators, and the process for evaluating, measuring, and verifying energy usage reductions and peak demand reductions by the public utilities. As part of the stakeholder process, the board shall establish an independent advisory group to study the evaluation, measurement, and verification process for energy efficiency and peak demand reduction programs, which shall include representatives from the public utilities, the Division of Rate Counsel, and environmental and consumer organizations, to provide recommendations to the board for improvements to the programs.

[N.J.S.A. 48:3-87.9 (emphasis added)].

PROCEDURAL HISTORY

In order to meet the statutory requirements, the Board, on December 18, 2018, authorized a contract with Optimal Energy, Inc. ("consultant")¹ to perform a study to determine the potential for peak demand reductions for each utility in the state and to develop preliminary energy savings targets and quantitative performance indicators for electricity and natural gas usage reduction. Pursuant to the Act, the Board issued a Notice of Public Meeting on Energy Efficiency and Peak Demand Reduction on January 24, 2019. The public meeting was held on February 1, 2019 at the New Jersey State House and public comment was requested on best practices in the implementation of energy efficiency and peak reduction programs, the terms, assumptions, and considerations used in the law, and the constitution of the advisory group. Comments were due to the Board on February 15, 2019.

STAFF RECOMMENDATION

Staff has overseen the work of the consultant in studying the energy efficiency market potential within the state. The consultant collected data from the utilities, New Jersey's Clean Energy Program and other states to develop energy and demand reduction targets and quantitative

¹ In the Matter of Approval of Contract for Energy Efficiency Technologies Research and Studies, Docket No. QO18121302. (December 18, 2018).

performance indicators. The study provides a framework with issues and alternatives for further consideration and refinement before Staff can provide a final recommendation on program design details to the Board.

Staff has reviewed the comments submitted by stakeholders and recommends the Board establish an Energy Efficiency Advisory Group ("Advisory Group") pursuant to the Act with the following criteria. The Advisory Group should work with Board Staff to provide insight on key elements of program implementation and evaluation for Staff's use in the development of recommendations to the Board. The group will meet on an ad hoc basis prior to the initial development of Staff recommendations on the program framework and thereafter at least two times each fiscal year. The Advisory Group should consist of five members, to be appointed for two year terms by the President of the Board of Public Utilities, as authorized by the Board. The members of the group will consist of one representative from each of the following: a representative from the Division of Rate Counsel, a representative of the utility sector, a representative from an environmental organization, a representative from a consumer organization representing residential customers and a representative from a consumer organization representing commercial and industrial customers. All members of the group will be non-voting members, but will meet to develop pertinent recommendations for Board Staff and to solicit further input from stakeholders as necessary. The group will serve in an advisory capacity and neither Staff, nor the Board, is bound to any decisions reached by the group.

Staff recommends this group assist in exploring options and best practices related to evaluation, measurement and verification on an ongoing basis, as well as regarding the economically achievable energy efficiency and peak demand reduction requirements, rate adjustments and quantitative performance indicators. The group may also assist Board Staff in soliciting stakeholder feedback related to programmatic options related to energy efficiency program administration, program timeframe, filing and reporting requirements, performance metrics, utility targets, and incentive/penalty structures, following an agenda established by Board Staff ahead of each meeting.

The Energy Efficiency Advisory Group will also assist Board Staff in developing a scope of work and requisite deliverables for the demographic analysis on market participation, barrier identification, and recommended solutions required of each electric public utility and gas public utility by the Act.

Following a stakeholder process, Board Staff will develop recommendations for review and deliberation by the Board with the ultimate goal of establishing an energy efficiency program and outlining the role of the New Jersey's Clean Energy Program and the utility energy efficiency programs, in keeping with the requirements of The Clean Energy Act of 2018 (N.J.S.A. 48:3-87.9).

DISCUSSION AND FINDINGS

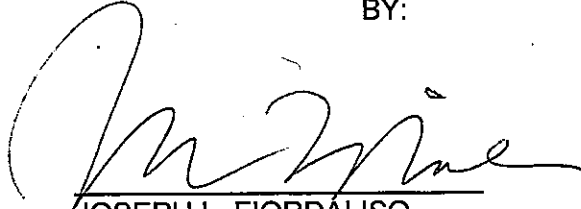
In order to fully engage with stakeholders regarding the energy efficiency program structure, the Board **HEREBY ESTABLISHES** the Energy Efficiency Advisory Group consistent with Staff's recommendation and, **DIRECTS** Staff to work with the Advisory Group in a stakeholder process to further refine the framework, issues and details of program design for the Board's further consideration.

The Board further **HEREBY DIRECTS** Staff to establish a date, time, location and agenda for the first meeting of the Advisory Group, to be held no later than July 15, 2019.

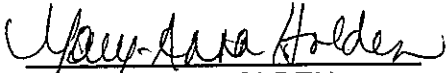
The effective date of this order is June 7, 2019.

DATED: 5/28/19

BOARD OF PUBLIC UTILITIES
BY:



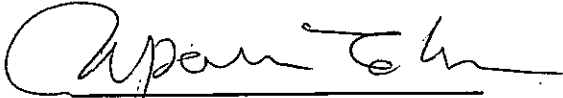
JOSEPH L. FIORDALISO
PRESIDENT



MARY ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

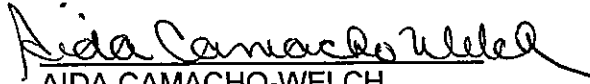


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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. QO19050547 – IN THE MATTER OF THE CLEAN ENERGY ACT OF 2018 – ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION PROGRAMS AND THE ENERGY EFFICIENCY ADVISORY GROUP

SERVICE LIST

Division of Rate Counsel

Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Ezra Hausman
ezra@ezrahausman.com

TRC Energy Solutions

317 George Street, Suite 520
New Brunswick, NJ 08901

Michael Ambrosio
mambrosio@trcsolutions.com

Thomas A. Kowalczyk
tkowalczyk@trcsolutions.com

Janja Lupse
Janja.Lupse@clearesult.com

Atlantic City Electric Company

Pepco Holdings
New Castle Regional Office
Mailstop 79NC59
Post Office Box 9239
Newark, DE 19714

Wayne Barndt
Manager, Regulatory Strategy & Policy

Timothy White
Manager, Policy Coordination

Elizabethtown Gas Company

520 Green Lane
Union, NJ 07083

Deborah M. Franco, Esq.
Regulatory Affairs Counsel
dfranco@sjindustries.com

Thomas Kaufmann
tkaufmann@sjindustries.com

Susan Potanovich
spotanovich@sjindustries.com

Gina O'Donnell
vodonnell@sjindustries.com

SJI Utilities, Inc./Elizabethtown Gas Company

3800 Atlantic Avenue
Atlantic City, NJ 08401

Stacy Mitchell, Vice President
Rates and Regulatory Affairs
smitchell@sjindustries.com

Stefany Graham, Manager
Rates and Regulatory Initiatives
sgraham@sjindustries.com

South Jersey Gas Company

1 South Jersey Plaza, Route 54
Folsom, NJ 08037

Samuel Valora, Program Manager
C&I Energy Efficiency
svalora@sjindustries.com

Jersey Central Power & Light Company

Mark Mader, Director
Rates & Regulatory Affairs – NJ
300 Madison Avenue
Post Office Box 1911
Morristown, NJ 07962-1911
mamader@firstenergycorp.com

New Jersey Natural Gas Company

1415 Wyckoff Road
Post Office Box 1464
Wall, NJ 07719

Andrew Dembia
Regulatory Affairs Counsel
adembia@njng.com

Anne Marie Peracchio
Director, Conservation & Clean Energy Policy
aperacchio@njng.com

Public Service Electric and Gas Company

PSEG Services Corporation
80 Park Plaza, T5
Post Office Box 570
Newark, NJ 07102

Susan Ringhof, Product Manager
Energy Efficiency Programs

Alexander Stern, Esq.
Assistant General Reg. Counsel
alexander.stern@pseg.com

Steve Swetz, Director
Corporate Rates & Revenue Requirements
stephen.swetz@pseg.com

Rockland Electric Company

Orange & Rockland Utilities, Inc.
Customer Energy Services
390 West Route 59
Spring Valley, NY 10977

Holly Thompson
Sandra Easton-Perez, Administrator

Bruce S. Grossman, Program Manager
Residential EE
bgrossman@siindustries.com

Board of Public Utilities

Post Office Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch
Secretary of the Board
board.secretary@bpu.nj.gov

Division of Clean Energy

Sara Bluhm Gibson, Director
sara.bluhm@bpu.nj.gov

Sherri Jones, Assistant Director
sherri.jones@bpu.nj.gov

Benjamin S. Hunter, Director
Bureau of Clean and Renewable Energy
benjamin.hunter@bpu.nj.gov

Counsel's Office

Rachel Boylan, Esq.
rachel.boylan@bpu.nj.gov

Stacy Ho Richardson, Esq.
stacy.richardson@bpu.nj.gov

Division of Law

Post Office Box 45029
Newark, NJ 07101-45029

Caroline Vachier
Public Utilities Section Chief, DAG
caroline.vachier@law.njoag.gov

Andrew Kuntz, DAG
andrew.kuntz@law.njoag.gov