

I would like to thank Sara Bluhm, the Board of Public Utilities and the members of Governor Murphy's Energy Master Plan committee for the opportunity to provide comments today.

My name is Anne-Marie Peracchio. I am Director of Conservation and Clean Energy for New Jersey Natural Gas (NJNG). I have been an active member of the Energy Efficiency Committee for New Jersey's Clean Energy Program (NJCEP) for more than a decade. I also serve as a member of the Consortium for Energy Efficiency's Portfolio Advisory Committee and represent NJNG on the State and Local Energy Efficiency Action Network Leadership Group.

NJNG has been working hard to engage our customers in creative ways to reduce their energy usage since our Conservation Incentive Program was approved in 2006. We significantly expanded those efforts in the fall of 2009 when our SAVEGREEN Project programs were approved. Our energy efficiency programs were designed to work collaboratively with NJCEP to deliver comprehensive solutions for customers. We are proud of what we have accomplished to date:

- Nearly 52,000 customers have participated
- More than 2,600 contractors have participated
- More than \$159 million invested

Based on our experience working with customers and trade allies and our participation in national efficiency organizations, we would like to share our views on a few of the categories from the discussion document.

General category

Being respectful of time, we can't cover recommendations on every type of program that the State will need in order to hit the goals. However, we believe there needs to be a diversified portfolio of programs to ensure that all customer classes have the ability to participate and realize energy savings. It is important that special attention is given to programs and features to support participation by low to moderate income residential customers and distinct approaches for some residential market segments including renters and seniors are developed. For commercial and industrial customers, we should expand efforts to serve commercial customers by industry segment and leverage national groups (e.g. CEE, DOE Better Buildings Network) to learn from others and share best practices in program administration.

For the commercial benchmarking requirement, we encourage the state to establish the rules as soon as possible and consider building in a "demonstrated compliance waiver" for early champions who have built to LEED standards or maintain an ENERGYSTAR certified building. A streamlined process to prove compliance will create an extra incentive to participate in energy efficiency programs now.

In regard to non- energy benefits both the American Council for an Energy Efficiency (ACEEE) and Lawrence Berkeley National Labs (LBNL) have done a lot of work on this topic. It includes a broad range of benefits, from health and safety on the residential side, to employee productivity and resiliency on the commercial side. New Jersey can learn from other jurisdictions that have addressed these benefits in their programs. We would encourage the state to go beyond just capturing non-energy benefits and use the National Efficiency Screening Project's Resource

Value Framework to test whether the approach to Cost Benefit testing New Jersey intends to use is balanced and aligned with policy objectives.

Technology

NJNG believes it is important for the energy efficiency programs to have a dedicated Emerging Technologies (ET) program. An ET program will fund investments to develop critical insights that can help the State with longer term strategies to reach its climate goals. This program is a key step to gain technical and market understanding on installation, performance, reliability, and serviceability considerations for new customer energy-efficiency solutions. Funding will support new technologies and program solutions to allow us to meet tomorrow's energy-efficiency goals with less risk and more certainty.

Leading states in energy efficiency have made this commitment. They recognize the importance of an ET program when pursuing aggressive energy reduction targets and the ability to draw in new technologies or approaches as codes and standards advance so targets can still be hit. It is a reasonable investment to ensure New Jersey has a strong knowledge of the potential for innovative technologies that may transform the approach to energy efficiency. An ET program should support new technologies and approaches that are ready for broader adoption but need enhanced contractor training, customer incentives, or other key elements to help the marketplace understand the value proposition. When pursuing ET programs, we need to consider support for educating existing workers and our next generation of engineers and technicians about proper installation of newer technologies.

Any ET program should ensure natural gas technologies are considered. Our team currently participates in both the Gas Technology Institute Emerging Technology

Program and the Energy Solutions Center. From our involvement, we recognize several new gas technologies are approaching commercial breakthroughs. Gas heat pump water heaters are becoming available for the commercial market. Given the opportunity to access efficiencies greater than 100% with this technology, we can't afford not to be investigating the way to get more energy out of every therm used. Similarly, several manufacturers have made advances with micro-CHP systems. This significantly broadens the pool of customers that may be able to make use of heat and electricity from these systems with the potential for added reliability.

Codes and Standards

In regard to codes and standards, New Jersey is getting high marks on code stringency. In last year's ACEEE State Scorecard, New Jersey got the full point value for both residential and commercial code stringency. In the coming decades, the state should continue to be a leader in adopting new building codes and should consider the opportunity to expand benchmarking requirements.

There is an opportunity to improve the ACEEE scores for both compliance with approved codes and benchmarking. This can be achieved with more resources and training to support trade allies and local officials, as well as efforts to educate customers about specific code elements and why it matters. We should explore a stronger partnership with the Department of Community Affairs and trade ally associations to advance compliance.

Shifting the outreach and education strategies to compliance with all installations, could alleviate some of the perceived burden for participating in energy efficiency programs. Using equipment sizing requirements as an example, we could shift from requiring documentation of such calculations to earn a rebate for high efficiency

installations to ensuring these techniques are performed on all installations. With this approach, New Jersey customers would benefit from lower bills even with the installation of standard HVAC equipment and we would achieve more energy savings.

Security

Energy efficiency and peak demand reduction strategies provide a great opportunity to support reliability. In fact, the natural gas industry pioneered large scale demand response with industrial customers through interruptible service tariffs that have been in place for decades. This approach helps ensure we can meet our obligations on peak days and also provides a significant economic benefit for participating industrial customers by lowering their energy burden. As technology advances we can start to see some of the benefits of this strategy even to customers that need firm service. Some utilities are starting to pilot natural gas demand response programs- both ones that involve small behavioral actions from a small group of customers through smart thermostats and ones that involve larger commercial customers bidding in potential resources. New Jersey can learn from these pilots and start utilizing these approaches here.

Economic Growth and Workforce Development

As an industry we have an opportunity to improve our engagement and interactions with higher education, including community colleges and technical colleges to identify what skill sets we need for building a clean energy economy. We need a focused effort to identify the types of skill sets and positions we need and then identify the gap from what is currently available. While technical skill sets are generally the focus of these types of efforts (engineers, installers), we also should consider the role of other functions that will be critical to stronger adoption (e.g. do

finance majors have the opportunity to learn about modeling energy efficiency investments?).

These topics all tie together. We already reference the connection to workforce development for ET programs, but we also need consider educational needs when the state advances building codes. Training programs need to be flexible to ensure smaller companies have the ability to participate. Sole proprietors lose billable hours when they participate in classes in traditional formats. We should evaluate and consider expanding the NJCEP Clean Energy Learning Center run by NJIT.

Environmental Justice

We recognize the importance of ensuring all customers can participate in energy efficiency programs. NJNG is proud to have worked collaboratively with the other utilities to help nearly 112,000 low-income customers significantly reduce their energy bills and improve the health and safety of their homes. While we have helped many customers, there are currently barriers to participation for many eligible customers. From our estimates, nearly 30% of the Comfort Partners audits that are performed in our territory identify structural or safety conditions that we aren't able to remedy through the program due to the limits on how much we can spend on such measures. As a program implementer and lifeline service provider, it's frustrating and heart-breaking to not be in a position to provide incentives to customers who are in need and interested in our help. We are optimistic about recent discussions with DCA for partnerships that may be able to help leverage federal weatherization funds to provide some assistance but we should continue to explore other potential funding sources, including the potential to use a portion of auction proceeds from future Regional Greenhouse Gas Initiative auctions. Longer term, more comprehensive

solutions must be developed to ensure all customers have the opportunity to benefit from a growing clean energy economy.

Beyond traditional low income programs, we must also consider features within standard energy efficiency programs that support participation by Low-to-Moderate Income (LMI) customers. One example would be the approach we use for screening participants in our On-Bill Repayment Programs. We rely upon utility payment history and lack of bankruptcy rather than traditional credit screening. Modified incentive levels may be appropriate to make repayment amounts more affordable. As the state expands its commitment to program evaluation, we assess the income levels of participating customers to determine whether other incentives or features are needed to ensure these LMI customers are fairly represented.

Finally, focused outreach approaches may help us reach underrepresented customers. We should explore specific strategies working with schools and municipal teams in LMI communities.

We appreciate the opportunity to share our thoughts today.