From:	Wallisch, Tim
To:	"publiccomments@NJCleanEnergy.com"
Cc:	Higgins, Mike G.; Slaughter, Angie (Obermeier)
Subject:	Request for comments: NJCEP Program Changes
Date:	Wednesday, February 08, 2017 3:15:38 PM
Attachments:	image001.png

Sherri,

Anheuser Busch would first like to thank the BPU and its staff for considering modifications to the LEUP that would broaden the participation pool in 2017 and beyond. As you may be aware, Anheuser Busch contributed approximately $250,000 into the fund in 2016, which disqualified the Newark Brewery for participation in 2017. Our lower contributions over the previous 5 years resulted from extensive energy reduction projects implemented by the brewery to help control production costs, as well as reduced assigned volume because of our higher operating costs, including energy, compared to our sister breweries outside of New Jersey.

BPU staff has recommended a minimum contribution reduction to $200,000 / year to participate in the LEUP, with a 2 year banking of incentives. In order to avoid repeating this process in the future as companies continue to improve their energy efficiencies, Anheuser Busch proposes the following changes:

Minimum annual contribution rate of $100,000 / year. The customer must contribute a minimum of $200,000 to submit a project for incentives. This means a customer can only submit a project every other year if they are contributing the minimum amount. Customers can bank up to 4 years, or a minimum of $400,000. By increasing the banking period, customers can still generate larger projects that will simplify both BPU and customer overhead. Maximum incentives would stay the same.

Anheuser Busch also requests a simplified application process which utilizes company generated costs and savings calculations instead of the current forms. Reducing the application costs will add to the available funds spent towards actual energy reduction.

If needed, Anheuser Busch would be honored to participate in any work shops or discussions that would help the BPU improve this program going forward.

Thank you very much for your consideration.

Tim Wallisch
Sr. Resident Engineer
Newark Brewery
Anheuser Busch Inbev

From: renewables-bounces@njcleanenergy.com [mailto:renewables-bounces@njcleanenergy.com]
On Behalf Of Jones, Sherri
Sent: Friday, January 27, 2017 3:10 PM

ATLANTIC LED
SOLUTIONS

February 10, 2017

Response to: Request for Comments regarding the LEUP, CTEEP, and ICP.

Submitted via: publiccomments@NJCleanEnergy.com

Dear OCE Staff Members:

I am writing to comment on the proposed CTEEPP summary dated 1/27/17.

My company, Atlantic LED Solutions, provides LED lighting consulting and material sales to commercial and institutional clients. The CTEEPP concept is very applicable to our target customers, and the way we plan our projects. If enough practical knowledge and business logic are incorporated into the program structure and administrative processes, it will open the door for a lot of beneficial projects that are stalled. Getting this program set up right will be the key, and I am encouraged that stakeholder input is being requested. I am happy to share some of my experiences with the existing NJCEP programs, and my suggestions for CTEEPP.

Current Program Experiences

At the end of 2016 I submitted and received approval for ELEVEN prescriptive lighting applications (one per account) for what is truly, one big project at Englewood Hospital and Medical Center (EHMC). This complex retrofit requires 53 types of LED lamps and fixtures, across a total count of 25,000 pieces, which were documented with a complete room-by-room building survey. Leigh Cignavitch at TRC was extremely helpful in determining that prescriptive was the best fit among the current offerings, and with reviewing the applications expeditiously once they were submitted. The pre-inspections were completed in December, and the project is in progress now.

The campus has eleven separate meters/accounts, but unfortunately the NJCEP contribution of $142,193.41 from EHMC is not high enough for LEUP. The financial benefits to the hospital would have been greater based on $.33 per kWh saved under LEUP than they are under the NJSSB prescriptive amounts. I will be submitting additional applications as new categories of products (PL and 2G11 Lamps) gain DLC certification, and I also have prescriptive ALCS applications to submit. EHMC will probably exceed TWENTY applications on the prescriptive path. This is an extremely cumbersome process for both the applicant and the TRC reviewer.

Customer Tailored Energy Efficiency Pilot Program Input

Define the guiding principle of the program, and only incorporate procedures, rules, and regulations that are true to that principle:

Use the funding and personnel of the NJCEP to responsibly help medium-sized energy customers to maximize their energy savings in the least restrictive and most expeditious manner possible.

Structure the NJCEP/Customer/Implementer interactions with more two-way discussion, like a typical business relationship. I believe that TRC project engineers could enable greater program utilization if they could act as account managers, and regularly participate in meetings or conference calls with customers and their project implementers before an application is submitted, and throughout the project.

Make the CTEEPP process more flexible than NJSSB regarding strict wording of eligible products for prescriptive incentives. There are lighting fixtures in commercial buildings that do not fit within the current NJCEP categories, but are clearly worthy of receiving incentives. Fixed prescriptive amounts based solely on lamp or fixture type miss the mark when hours of use and cost of replacement technology are considered. Incentives based on kWh savings are more beneficial to medium sized customers and NJCEP. Limiting kWh incentives to "Custom" applications and LEUP projects is neglecting a base of energy intensive medium-sized commercial and institutional properties. Requiring the use of prescriptive incentives because a product category is listed, regardless of the energy being used in a specific location, discourages the logical prioritization of fixtures to be retrofitted.

For example, one project has an ambulance bay with 100W metal halide recessed downlights that operate continuously. Under the current prescriptive program, these are only eligible for $5.00 each. The energy savings realized in this application is much greater than replacing a 65W BR30 in an interior recessed fixture that might be on 8 hours a day. If the bay was lit with 100W HM parking garage luminaires using the same kWh/day, the prescriptive incentive would be $100 for LED replacements.

A project engineer with a more flexible program could justify the logic of giving a custom rebate in this scenario, and recognize greater energy savings, which is the ultimate goal. Regulations and verification are necessary to protect the fiscal integrity of all NJCE programs, but should not undermine the intent and effectiveness of the programs.

Respect for the customer's time is vital. These are businesspeople who want to understand the benefits of a project, know what incentive they are being offered, and make a decision to get things moving. They also understand that getting the project installed quickly maximizes the energy savings and increases ROI. Approving the internal finances of a project and then waiting for incentive applications to be processed is very frustrating to decision makers and facility managers. P4P and LEUP

Incorporate a project pre-registration with customer acknowledgement of the program rules, and assertion that all aspects of the project will be executed with good faith by the customer and implementer.

Register the customer's chosen implementer to verify business registration, tax status, liability insurance, company principals, and point of contact for project. Do not make this a cumbersome task, or try to limit the customer's choices to a pre-approved list. Customers who run complex facilities do not want to be told who to hire, or that their trusted vendors are not allowed to work on their project. Some have had unfavorable experiences through PFP or Direct Install, and are leery of any "program" that limits their choices.

Trust but verify -- Do not prohibit the implementer who develops the project from supplying material and/or labor. Putting the development of a project into the hands of an independent third party is not what customers want. An independent third-party REVIEW of the plan presented by a project implementer before approval of incentives is a better approach. Communications and documentation among the customer, implementer, and TRC engineer should be primary development tool. The customer does not want to take on the project management tasks of coordinating a third-party developer, material vendors, installers, and incentive applications. These tasks are what an implementer does best.

Allow the program and each project to evolve and develop in real time with stakeholder input. Encourage brainstorming and collaboration, and utilize logical quantitative analysis to shape projects. Collaboration will reduce the need for excessive regulation. There is no benefit to spending months or years writing exhaustive regulations to fit every conceivable scenario, or to narrowly define what can be considered. Good ideas are not always predictable.

Encourage packaging of luminaires, lamps, and controls that are on the prescriptive lists into a single application. Savings is the goal. Reward the effort to maximize it.

Include a funding mechanism for a customer's preferred implementer to perform building surveys, specification development, and scope of work documentation. These are needed services that may not require an architect or engineer, but will utilize project managers, estimators, and surveyors. The risk of losing a project after putting extensive time into the consulting work is keeping projects from getting proposed, or receiving serious consideration from decision makers.

General C&I Comments:
(Not necessarily related to CTEEC)

Review language, logic, and incentive amounts in existing C&I programs, and adjust equitably.

1. Merge prescriptive controls and prescriptive lighting into one program.
2. Stairway fixtures are under-funded given the drastic reduction over constant-on fluorescent and their cost.
3. PAR, MR and A21 lamps should be should receive a higher allowance than A19
4. Roadway luminaire retrofit kits receive $150, new luminaires get $100. Kits that do not have the thermal advantages and longer lifetime of purpose-built LED luminaires should not receive more funding.
5. Garage luminaires with controls not differentiated from those without controls.
6. Requiring sensors to control more than one luminaire, or the minimum wattage controlled that is set too high, is counter to the trend of integrated controls. Need to have a more comprehensive tiered approach to encourage utilization. Recognize that fixtures with occupancy, daylight, and late night dimming controls bring a larger energy savings than occupancy alone.
7. Give a better incentive for recessed fixture replacement above 65W. A tiered incentive up to 500W
8. PL and RG11, F32 U6, and CFL lamps deserve incentives. The percentage saved is equal to T8 replacement.
9. Add a specialty category for DLC approved fixtures outside the NJCEP prescriptive categories.

It is my pleasure to share my ideas on this subject in writing. I would welcome the opportunity to meet with those in charge of developing the CTEEPP as the process moves forward. An in-person discussion would allow us to discuss some anecdotal examples of where my thoughts originate, and why I think it is important to make the new program as flexible as possible.

Sincerely:

Brian Segedin
Managing Partner
Atlantic LED Solutions

bsegedin@atlanticledsolutions.com

16 Reynolds Road, Pequannock, NY 07440 (973) 800-3639
www.atlanticledsolutions.com

Picatinny Arsenal, New Jersey - Comments on: New Jersey's Clean Energy Program – Proposed Modifications to Large Energy Users Program (LEUP) Request for Comments dated January 27, 2016

Picatinny Arsenal supports the proposed modifications to the LEUP that would allow Picatinny Arsenal to participate in the LEUP program.

Background:

From the LEUP Program Guide: The purpose of this program is to foster self-investment in energy efficiency.... Incentives will be awarded to customers that satisfy the program's eligibility and program requirements, to invest in self-directed energy projects that are customized to meet the requirements of the customers' existing facilities....

Currently the eligibility is based on contribution level to the NJ Clean Energy Program fund and eligible entities must have contributed a minimum of $300,000 annually to the fund. Under the current incentive structure the maximum incentive is the lesser of the following with a minimum incentive of $200,000:

- $4 million
- 75% of total project(s) cost
- 90% of total NJCEP fund contribution in previous fiscal year
- $0.33 per projected kWh saved; $3.75 per projected Therm saved annually

The proposed modifications would lower the contribution level to $200,000 and lower the minimum award amount to $100,000.

Impact of the Proposed LEUP Modifications to Picatinny Arsenal:

The proposed modifications to the LEUP would lower the participation threshold for the LEUP and thereby allow Picatinny Arsenal the opportunity to participate in the program. Picatinny Arsenal contributed $252,000 to the fund for the year ending June 30, 2016 (based on the fund contribution calculation of $0.025905/therm times total therms plus $0.003437/kWh times total kWh).

Based on the proposed modifications, Picatinny would be very likely to participate in a modified Large Energy User Program. **Picatinny would be eligible for annual funding of $100,000 to $227,000 for** energy projects costing $133,000 to over $300,000. Picatinny is developing projects that would be a good fit for the LEUP funding.

Additional Suggestion to LEUP: Based on the lowering of thresholds and therefore project sizes being funded, the NJCE Program should also reconsider the amount and level of documentation that is required by the LEUP program so that the implementation effort to obtain the funding is commensurate with the project size. I do not have specific recommendations on this but I have heard from other energy managers that have participated in this program in the past that significant hours (100+) are involved with managing this program.

Submitted by:
Helene M. Ferm, PE, CEM, LEED AP
Resource Efficiency Manager
Picatinny Arsenal
973-724-6098, helene.ferm.ctr@mail.mil
February 8, 2017

From: Radigan, William-J
To: publiccomments@NJCleanEnergy.com
Cc: Goldenberg, Steven; Forshay, Paul
Subject: RE: Request for comments: NJCEP Program Changes
Date: Thursday, February 09, 2017 1:16:48 PM
Attachments: image001.png

Dear Sherri,

I support the proposed changes, but I also do not feel they go far enough. We have been the recipient of Energy Efficiency incentives through your office and we have some more ideas to increase efficiency, but some of these project far exceed our annual contribution. And also exceed 2 years' worth of contributions.

I think the program should be expanded to allow more than 2 years of banking qualified incentive amounts and (or) also the ability to draw on future contributions toward a project. For example, for a $2 million project and an annual contributor of $500K. There can be $500K banked, another $500K for current year, plus next year's contribution payable (the third annual contribution of $500,000) toward that project for a total pay-out of $1.5 million. A model such as this will create larger investments and greater amounts of energy saved. For example, we'd like to improve the efficiency of our steam generator at the cost of several million. This project could move a lot faster with a more flexible incentive program. Can we get 4 years' worth of contributions dedicated to one project?

I also believe the funds should be payable towards back-up equipment that may not have the ability to generate the M&V data needed. For example, we would like to purchase and install more efficient back-up boilers. Under the current program, they may not qualify if not utilized enough. However if installed, will add to the viability of the plant with more reliable and efficient equipment.

These funds are paid for from the very cost centers of corporations that the program seeks to secure participation from. Therefore, more flexibility should result in more participation, more efficiency and more job security in the state. Even though job security is not a direct goal of the program, these manufacturing sites must continue to fiercely pursue their competitiveness. There is no point switching to LED lighting when the larger equipment is inefficient and in need of replacement. When the large equipment isn't upgraded, there won't be any reason to keep the lights on to begin with.

Kind regards,
Bill Radigan

| DSM Nutritional Products, LLC | 45 Waterview Boulevard | Parsippany | New Jersey | T 973-257-8269 | william-j.radigan@dsm.com

Fox Rothschild LLP
ATTORNEYS AT LAW
Mail: P. O. Box 5231, Princeton, NJ 08543-5231

Princeton Pike Corporate Center
997 Lenox Drive
Building 3
Lawrenceville, NJ 08648-2311
Tel (609) 896-3600 Fax (609) 896-1469
www.foxrothschild.com

STEVEN S. GOLDENBERG
Direct No: 609-896-4586
Email: sgoldenberg@FoxRothschild.com

February 10, 2017

Sherri Jones
New Jersey Board of Public Utilities
Office of Clean Energy
44 South Clinton Avenue
Trenton, NJ 08625

Re: Comments of NJ Large Energy Users Coalition Regarding Proposed Modifications to the Large Energy Users Program

Dear Ms. Jones:

The following comments regarding proposed modifications to the Office of Clean Energy ("OCE") Large Energy Users Program are submitted on behalf of the New Jersey Large Energy Users Coalition ("NJLEUC").

As you are aware, the Large Energy Users Program ("LEUP") was developed several years ago to enable the State's large energy users to participate more actively in the Board's Clean Energy Program. The LEUP was considered necessary because despite their significant annual Societal Benefits Charge payments, many of the State's largest businesses were unable to participate in most, if not all, of the OCE programs because of circumstances that rendered them ineligible under program rules. For example, because these companies were early responders with regard to energy efficiency, they were and are unable to satisfy the 15% savings threshold required by the Pay For Performance program. In addition, it was deemed appropriate to impose a more light-handed form of regulation over LEUP to facilitate program participation and reduce application and compliance costs.

Over the past years, the LEUP has been utilized by a wide cross-section of large businesses throughout the State and has facilitated the development of numerous beneficial cogeneration, fuel cell and energy efficiency projects. While the program should be deemed a success, NJLEUC agrees with staff that it is now appropriate, due to the maturation of the program, reduced participation rates and changing circumstances in the marketplace, to revisit certain program rules and determine what changes are appropriate in light of the current environment and the lessons that have been learned since the program began.

Two recent developments of significance have arisen that warrant program modifications. First, as a result of the implementation of an increasing number of energy efficiency projects that have decreased their usage levels—the result intended by LEUP--a growing number of companies are now making smaller annual SBC contributions. Over time this factor, combined with the fact that some companies are losing internal corporate competitions for the right to produce certain product lines due to high local energy and other costs, has led to a circumstance in which an increasing number of large energy users are now unable to satisfy the $300K annual SBC threshold to participate in the LEUP. This is problematic because the companies that are now being denied participation are large by any reasonable measure, and their exclusion from the LEUP effectively eliminates them from further participation in all OCE programs. This should be of concern to staff because these companies are still capable of pursuing viable energy efficiency projects that will advance the State's energy goals while making the companies more competitive in the regional and national markets.

For example, Johnson Matthey ("JM") is typical of those companies that now finds itself ineligible to participate in OCE programs. JM is a global sustainable technology company that has conducted manufacturing operations in New Jersey consistently since 1970. JM creates products and services that protect the public health, promote the efficient use of the world's resources and, more generally, improve the quality of life for people worldwide. Last year, 89% of JM's total sales were of products that produce sustainability benefits. JM's West Deptford facility, which manufactures precious metal catalysts and chemicals as well as pharmaceutical ingredients and specialty chemical products, employs more than 500 people. In recent years, JM has invested more than $20M to expand its West Deptford manufacturing facilities and its research and development capabilities. While JM's annual expenditure on energy, both electric and natural gas, currently exceeds $5M, it contributed less than $200K in SBC charges last year and is therefore currently ineligible for participation in the LEUP.

Similarly, Anheuser-Busch, the operator of the Budweiser brewery in Newark ("AB"), has been engaged in an extensive five year energy efficiency program that has successfully reduced its energy consumption. This effort was motivated, in part, to reduce the Newark brewery's energy costs to bring its operating costs in line with lower-cost AB facilities located in other states. Because of the Newark brewery's higher cost structure, it has lost certain beverage production to AB's lower cost plants, further diminishing the brewery's energy usage. These factors have combined to reduce AB's energy usage and, therefore, its SBC contribution, to below $300K in 2016. Therefore, AB is now disqualified from participation in the LEUP in the current year for failure to comply with the existing eligibility threshold.

Obviously, these companies must be considered large by any objective standard. Yet, as a result of their successful energy efficiency efforts, as well as the production losses, they have largely been rendered ineligible to participate in the Clean Energy Program. To the extent that their reduced usage and SBC payments were caused by successful energy efficiency efforts, these companies and others like them should not be "punished" for doing what the State has encouraged energy customers to do. Indeed, the State has acknowledged on many occasions that large industrial companies like AB and JM consistently deliver more energy efficiency "bang for the buck" than any other customer class. To the extent that the reduced usage is attributable to the shifting of production elsewhere because New Jersey facilities are less competitive than their out-of-state rivals, this should provide a strong incentive to the Board to insure the continuing flow of incentives to encourage production to remain here.

The amendments now proposed by staff would permit the "banking" of incentives available to program participants beyond a single year. NJLEUC supports the banking concept as it will make it possible for participants to plan larger scale projects over longer time horizons. It will also reduce the pressure on participants to develop and implement substantial projects each year, if only to avoid forfeiture of rebates to which they would otherwise be entitled.

NJLEUC supports the lowering of the $300K eligibility threshold as a means to secure additional participation in the LEUP and we commend staff for this proposal. However, even at the proposed $200K level, large companies like JM will continue to be excluded from the LEUP, and likely the Clean Energy Programs generally, both in the near term and perhaps permanently. This would be a very unfortunate result that would undermine a number of State energy and economic development policies and goals and could perpetuate the current under-subscription of the LEUP.

NJLEUC therefore recommends that the SBC eligibility threshold be reduced instead to $100K to make the LEUP available to a larger cross-section of large energy users. The proposed lower threshold would still represent a very significant customer. In the alternative, if the Board is unwilling to further reduce the eligibility threshold, NJLEUC urges that a "banking" mechanism be established that would enable large users to accumulate SBC contributions for a period of two consecutive years to enable them to satisfy the reduced $200K SBC contribution threshold. Under this arrangement, if the combined contributions of a company equal or exceed $200K within a given two year window, the customer would be eligible to participate in the LEUP in the following year, and be entitled to all the benefits granted to program participants, including any applicable provisions regarding the banking of incentives.

The two year contribution banking provision would enable companies like JM to combine their annual contributions and become eligible for participation in the program every other year, or as the threshold is satisfied during any two year period. The inclusion of companies like JM certainly would not detract from the intent of the program to be available only to large energy users. The alternative is that these companies will likely be rendered permanently ineligible to participate in the program.

Further, there are a number of ways in which a banked incentives program could be structured. NJLEUC urges that incentives be permitted to be banked for extended periods of time, up to four years, to permit companies to pursue larger, more comprehensive projects. Such an approach could be tiered based on the size of the customer's annual contribution. For example, if a customer contributed $200-300K annually in SBC payments, the incentive could be banked for two years. If a customer contributed $400-500K annually, the incentive could be banked for up to four years. To address concerns regarding program budgeting, we would urge that a cap be imposed on the amount of incentive that could be paid to a single customer within a single budget year, thereby limiting the program's exposure to budgetary shortfall issues and the possibility that a single project could account for an inordinate portion of the total annual program budget.

In general, NJLEUC encourages staff to add flexibility to the program by widening the temporal scope within which companies can qualify for incentives, this to ensure that funding is available to customers when the incentives are needed the most. As noted above, this additional flexibility can be balanced against the staff's need to prudently manage the program through devices like graduated payments and capped incentives. These incentive mechanisms would allow the program to be more responsive to the needs of its participants without sacrificing prudent management of the SBC funds.

Finally, NJLEUC has earlier noted that notwithstanding the intention to subject the LEUP to "light-handed" regulation, the program is still burdened by excessive process and reporting requirements that add significant costs and require program participants to devote a significant amount of time and resources to comply with these requirements. We urge that the application process be simplified and streamlined by permitting companies to utilize internally-generated documents regarding, among other things, cost and savings verification calculations and engineering-related issues. These internal corporate documents, which are the same documents that are prepared for management decision-making purposes, should be accepted as reliable and accurate and used in lieu of the current application forms, including the FEEP and M&V closeout reports.

In this regard, when assessing the cost-effectiveness of the LEUP, staff should also take into account the very significant costs and time commitments incurred by program participants to establish eligibility for rebates. NJLEUC members have sometimes been compelled to devote more than 250 hours to an application process, from pre-approval to receipt of the rebate check. Others have subcontracted this work to third parties at considerable cost, thereby further increasing project costs. This is certainly not a new topic of discussion, and yet the goal of light-handed regulation in program application and reporting requirements still eludes us. TRC has consistently acknowledged the reliability of the information that large users have provided to the program managers over the years. This proven reliability of information should be permitted to translate into relaxed reporting and verification procedures. The members of NJLEUC would be happy to present their ideas to TRC and staff in this regard.

NJLEUC appreciates the opportunity to present these comments.

Very truly yours,

Steven S. Goldenberg

SSG:jfp

44369877

State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P. O. BOX 003
TRENTON, NEW JERSEY 08625

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

February 17, 2017

Via Hand Delivery and Electronic Mail
Honorable Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

Re: Proposed Modifications to the (1) Large Energy Users Program ("LEUP"); (2) Proposed New Customer Tailored Energy Efficiency Pilot Program ("CTEEPP"); and (3) Proposed Extension of the Investor Confidence Project Pilot ("ICP")

Dear Secretary Asbury:

Pleased accept the within comments (an original and ten copies) submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in connection with the above-captioned matter. Copies of the comments are being provided to all parties on the e-service list by electronic mail and hard copies will be provided upon request to our office.

We are enclosing one additional copy of the comments. Please stamp and date the extra copy as "filed" and return it in our self-addressed stamped envelope.

The Division of Rate Counsel ("Rate Counsel") would like to thank the Board of Public Utilities ("BPU" or "the Board") for the opportunity to present comments on the proposed changes to the Clean Energy Program proposed by the Office of Clean Energy ("OCE")

Three CEP Energy Efficiency ("EE") program changes were proposed by the OCE, as set forth below.

1. **Modifications to the Large Energy Users Program (LEUP)**

The LEUP was initiated as a pilot in 2011 with the intent of providing a program design better suited for the largest energy users in New Jersey, defining an eligible "large user" as an entity contributing at least $300,000 to the CEP in the prior program year.

The OCE says that many of the state's largest customers have yet to participate because (a) they're just below that threshold contribution or (b) successful EE projects would put them below the threshold, precluding them from participating in future years. The OCE notes that LEUP received only 14 applications in FY16 and has received only 4 new applications in ytd FY17.

OCE Staff recommends (a) lowering the CEP contribution threshold from $300,000 to $200,000 and (b) reducing the minimum incentive from $200,000 to $100,000. Even a $200,000 threshold would indicate a very large customer. Assuming an average retail rate of $0.08/kWh, OCE calculates an electric customer that contributes $200,000 to the CEP would pay over $4.6 million in annual electric costs. OCE Staff also recommends allowing the large customers to "bank" a years-worth of potential incentives would allow for larger more comprehensive projects and would enable the customer to avoid the costs and complications of splitting a project into multiple phases for the sole purpose of increasing the level of available incentives. For example, a customer contributing $200k/year could skip one year and apply in the following year with $400k in eligible contributions.

According to OCE Staff's calculations, the LEUP is one of the most cost effective programs delivering large savings at a low-cost relative to other programs. Rate Counsel supports the proposed modification.

2. **New Customer Tailored Energy Efficiency Pilot Program** ("CTEEPP")

This proposed pilot program was developed pursuant to a Board Order (dated June 29, 2016) which approved a $2,200,000 FY17 budget. The target market is commercial and industrial customers whose usage is too large to qualify for the Direct Install (Smart Start and P4P) program but too low to qualify for the LEUP. Customers with multiple sites would be permitted to combine usage. OCE Staff anticipates that pilot funding for FY17 could serve approximately 30 to 40 eligible C&I customers.

The CTEEPP would employ Account Management techniques and include incentive caps consistent with those that apply to other C&I programs. OCE Staff asserts that this pilot will help promote the use of Advanced Lighting Control Systems ("ALCS") and other measures that don't fit well into the current programs, such as Energy Management Systems ("EMS/BMS"), user-specific industrial process upgrades and complex HVAC improvements. OCE Staff envisions that the pilot will benefit customers with complex operations and/or unique energy usage profiles, who face barriers to investment where they may benefit from support beyond just financial incentives (e.g. technical analysis, financial analysis, etc.), customers with projects that would require multiple applications under existing programs, and/or customers that are good candidates for installation of new, innovative or advanced efficiency technologies.

The financial incentives offered to CTEEPP pilot customers will be the same as those available through the existing prescriptive and custom program offerings. However, for ease of customer participation, they will be bundled into a single "package" application. To address design bottlenecks, the CTEEPP will offer eligible customers an additional incentive towards design/technical assistance or technical support provided by an independent third-party design professional in the amount of up to fifty-percent (50%) of the cost of the design/technical assistance with a maximum of $10,000.

OCE Staff states that the goal of this pilot is to use a "personalized approach" to assisting customers in overcoming barriers and simplifying their application process for projects by offering technical assistance, financial analysis, design incentives, and measure incentives, depending on the customers' unique needs. The CTEEPP will use an Account Manager Outreach strategy, and OCE Staff will encourage working with vendors, such as qualified advanced lighting control vendors using Design Lighting Consortium ("DLC") approved ALCS equipment.

OCE Staff says that the purpose of offering this program on a pilot basis is to gain information. The Program Administrator will work with CEEEP to ensure that participation data are tracked as needed to support evaluation efforts and will assess the results to determine if the program approach should be expanded in subsequent program years. Inspection protocols for custom measure projects in FY 2017 will require 100% pre- and post-inspections, and a data file will be created to track installations and results.

Rate Counsel does not object to this program as a pilot to gain information. However, the focus should go beyond lighting and include a broader set of new control technologies, for example, HVAC and industrial electric motor controls.

3. **Extension of Investor Confidence Project Pilot ("ICP")**

OCE Staff proposes an extension of the Board-approved one-year ICP pilot. The ICP identifies 6 protocols originally developed by the Environmental Defense Fund for use throughout the nation as a standardized set of best practices for energy efficiency retrofit projects for large, medium and small commercial and multi-family buildings with the goal of reducing transaction costs by assembling existing standards and practices into a consistent and transparent process, thereby increasing investor confidence in the financial benefits of EE measures. OCE claims that the pilot phase showed some promise and involves only minimal cost. OCE proposes extension of the program as a non-pilot.

Rate Counsel does not object to extension of the ICP as a non-pilot. The cost is minimal and the ICP offers the potential of drawing in possibly lower-cost non-CEP and non-utility investors in the EE market.

Thank you for your consideration of the within comments.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: ______________________
Kurt S. Lewandowski, Esq.
Assistant Deputy Rate Counsel

c: OCE@bpu.state.nj.us
publiccomments@njcleanenergy.com
Secil Uztetik Onat, BPU
Marissa Slaten, BPU
Rachel Boylan, Esq., BPU
Caroline Vachier, DAG
Michael Ambrosio, TRC