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May 15, 2020

Via E-mail (Energy.Efficiency@bpu.nj.gov)

Aida Camacho-Welch, Secretary of the Board
Board of Public Utilities
44 S. Clinton Ave., 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: Energy Efficiency Transition, Equity in Energy Efficiency Meeting

Dear Secretary Camacho-Welch,

Please accept this correspondence on behalf of Public Service Electric and Gas Company (“PSE&G” or “the Company”) in response to the issues and topics discussed in the above-referenced matter. The equity in energy efficiency stakeholder meeting was held on May 4, 2020 and focused on current energy efficiency programs for low- and moderate-income (“LMI”) households, the challenges to participation, reducing barriers, and opportunities for improvements and enhancements to energy efficiency programs. PSE&G appreciates the opportunity to provide these comments on how best to ensure equitable access to energy efficiency (“EE”) programs.

This is an important issue to PSE&G, one that the Company takes very seriously, and one that the Company has specifically addressed in its Clean Energy Future-EE filing (“CEF-EE”) as discussed further herein. There are several barriers that to-date have precluded wide-spread participation in EE measures. In particular, LMI households are persistently the most underserved customer group in terms of energy efficiency programs. PSE&G thanks the New Jersey Board of Public Utilities (“BPU” or “Board”) for recognizing this underserved group in this stakeholder process, and for the opportunity to present these comments in support of measures to address this disparity.

1. Utilities should solely administer the low- and moderate-income programs in their service territories to improve performance and reduce program barriers.

Board Staff's current Energy Efficiency Transition Straw Proposal calls for segmenting Residential programs among utility led, co-managed, and state run programs—with LMI specifically run as co-managed. The primary low-income program Comfort Partners is a co-managed program where the state designates program design, objectives, and budget, and the utilities manage the program's day-to-day operations. This co-managed program has proven to be inadequate in serving the LMI communities due in part to the inherent constraints on the Office of Clean Energy ("OCE") as a government entity to manage EE programs (i.e., subject to the state budget processes and funded by way of the Societal Benefits Charge ("SBC")). State administered programs are by design very rigid, requiring public comment periods and Board approval for shifts of even the most minor changes in program funding. These state administered programs lack the flexibility that utility run programs can build in, the flexibility to fund programs and shift monies as appropriate to adequately respond to customer trends or needs in EE during a given period of time. In fact, utilities could increase spending and eligibility limits to address serious program barriers such as building shell and health/safety issues—a huge concern expressed by the panelists and echoed by many stakeholders—to support vulnerable populations.

Additionally, as recognized by Board Staff in their Straw Proposal, utilities have the existing customer relationships within their respective territories and the knowledge of customer demographics, energy consumption, and existing workforce infrastructure, which puts them in the best position to administer these types of EE programs.¹ One of the major barriers to getting LMI and other underserved communities to sign onto EE programs, as noted by several of the panelists during the stakeholder meeting, is lack of trust and education. However, the utilities have the qualified workforce and resources in place to get the word out, and educate their respective customers on EE programs. Utilities also have a level of brand recognition in communities they serve. Moreover, utilities such as PSE&G often spend a significant amount of time and effort building a rapport with their vulnerable customers—such as their LMI and non-English primary

¹ See December 20th, 2019 Program Administration Straw Proposal, at pg. 14.

speaking customers—who, as borne out by the demographic analysis discussed during the meeting, are underserved.

Further, utilities are able to provide a higher level of service through integration of marketplace offerings and home energy reports into low-income offerings. Low Income programs can be integrated into other residential offerings—allowing for shared administrative structures, vendors, and reduced costs. Integrating low-income programs with utility-managed moderate-income programs creates economies of scale and consistency for customers that benefit both segments, and result in hundreds of thousands of additional households being eligible for enhanced EE offerings. During the May 4th meeting, multiple panelists and stakeholders concluded that there is a significant need to integrate current residential programs into one program that utilizes the whole house approach, in order to remove certain participation barriers such as various eligibility requirements, upfront costs, health and safety barriers, and overall lack of education with current programs provided. The utilities are in the best position to administer an integrated program offering based in large part on their ability to scale programs, reduce cost through shared program expenditures, and increased budget flexibility. Having the utility as the main point of contact for energy efficiency reduces customer confusion and provides consistency in the administration of these programs, thereby eliminating many significant barriers to customer participation in EE programs.

On March 29th, 2019 the BPU allocated an additional \$2.5 million to the Comfort Partners program in Q4 of FY2019, allowing only 3 months before the program cycle's end to spend the additional budget. This led to inefficiencies that could have been avoided had the State budget planning process been more flexible. Making utilities responsible for administering the low-income programs will provide them the ability to better manage budgets and efficiently deliver programs to the State's most vulnerable customers.

Lastly, the current Straw proposes utility's be responsible for a specific quantitative performance indicator ("QPI") associated with LMI savings. PSE&G fully supports an LMI specific QPI to incent performance in this under-served market. However, if the utility is responsible for the QPI, it must have the flexibility to design the LMI program to achieve or exceed the savings target. It is inappropriate that utilities can develop new, dynamic programs for commercial and other residential customers, but the same existing structure remains for low-

income customers. LMI customers deserve more than just continuing the existing incentive structure, and the best way to achieve this is to create a strong QPI for LMI customers and give the utility's the flexibility to design a program to achieve it.

In light of these advantages and in order to provide a more holistic approach to EE, rather than a fractured set of programs with varying requirements for participation, PSE&G continues to propose that: (1) the three residential programs (Comfort Partners, the Energy Efficiency Products Marketplace, and the Appliance Recycling Program) currently designated to be co-managed or administered by the state be moved to the utility core programs, to be combined with the WARM Advantage and COOL Advantage programs as the comprehensive Efficient Products Program; and (2) the utilities run the low-income program.

II. Cost recovery mechanisms should both appropriately incentivize utilities to invest in EE and minimize customer bill impact.

Various stakeholders have stressed the need for energy cost savings and economic relief in the LMI communities. According to the American Council for an Energy-Efficient Economy ("ACEEE"), "An 'energy burden' review of 48 major U.S. metropolitan areas finds that low-income households devote up to three times as much income to energy costs as do other, higher-income households." It is therefore imperative now, more than ever, to implement EE programs that focus on delivering customer savings to these vulnerable communities. In the same way, EE investments must be as attractive as traditional investments or else utilities will have no incentive to invest in such projects. Utilities must therefore be allowed to earn the same return on equity ("ROE") on their EE investments as allowed on conventional pipes and wires projects and not be penalized for investment in energy efficiency program, as Staff proposes by way of its 100 basis point reduction to ROE.

An effective tool in helping to spur EE investment and deliver energy savings effectively is to fund LMI programs with utility capital. This allows for the amortization of costs over time and reduces the potential rate shock associated with EE transition programs. Amortizing the costs of EE investments over the weighted average useful life of the investments (15 years for PSE&G), as recommended by the utilities and countless stakeholders in this proceeding, also better matches program costs with program benefits as they unfurl. Nonetheless, Staff continues to propose a 7-year amortization period that essentially asks customers to "frontload" more payment than is

necessary to support the energy efficiency efforts required under the Clean Energy Act (“CEA”). Board Staff’s proposed use of a 7-year amortization period is not only arbitrary but also unreasonable, particularly in the wake of the COVID-19 pandemic that has brought about such a massive economic crisis.

III. PSE&G’s CEF-EE program will deliver much needed energy savings for its customers and local good paying jobs.

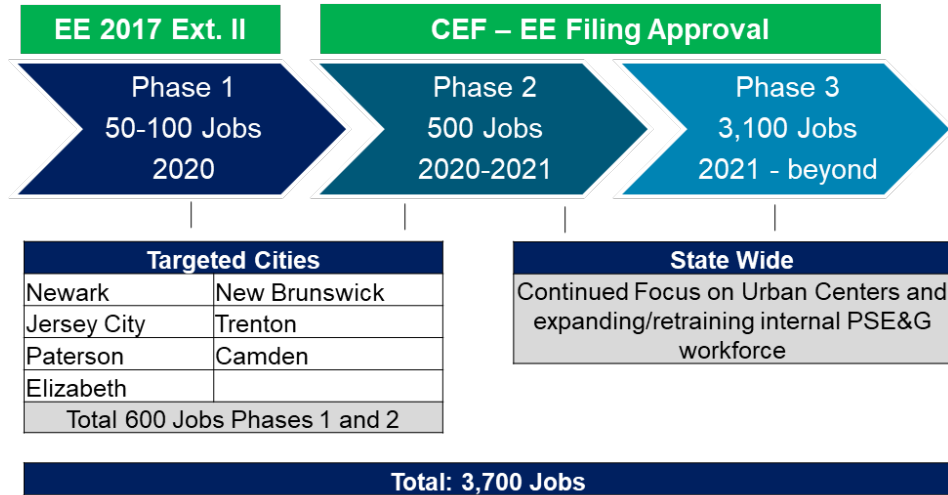
Now is the time to invest in the “green economy” in New Jersey. There is no greater time than the present to put programs into place that will result in lower energy bills for our most vulnerable customers, and much needed economic opportunities for unemployed, under-employed, and LMI New Jersey residents. PSE&G is making a firm commitment through its CEF-EE program that will generate economic opportunities for unemployed, under-employed, and low/middle-income New Jersey residents, with a strong focus on advancing economic development in our major urban centers (see Figure 1). These energy efficiency opportunities result in skilled jobs that require training, and we are prepared to deliver. PSE&G has partnered with the New Jersey Department of Labor (“NJDOLE”) and our energy efficiency suppliers to train and employ New Jersey residents to support the launch and delivery of its CEF-EE program. Approving the CEF-EE program as soon as possible following completion of the Board’s EE stakeholder process would be a timely way to deliver the much needed economic stimulus to New Jersey’s particularly hard hit communities.

PSE&G’s pending Clean Energy Future-Energy Efficiency (“CEF-EE”) program, if approved as filed, would create over 3,700 direct, clean tech jobs in PSE&G’s territory, and an additional 1,300 indirect jobs. Importantly, these jobs provide higher median hourly wages and greater union representation compared to jobs held by the U.S. workforce as a whole.

During the start of the program (Phases 1 and 2), PSE&G commits to training and finding employment for 600 residents of Newark, Jersey City, Paterson, Elizabeth, New Brunswick, Trenton, and Camden. Under our current EE program (EE 2017 Ext. II approved in March 2020), training and supplier hiring is already taking place that will create the first 50-100 jobs (Phase 1); then, following CEF-EE approval, the full program will continue and expand significantly to 3,600 additional jobs (Phases 2 and 3). During Phase 3, PSE&G will expand and retrain PSE&G’s internal workforce with a continued commitment to hire from the urban centers. In addition to requiring our current EE suppliers’ to increase their use of Minority, Women, and Veteran-owned Business Enterprise

(MWVBE) suppliers, PSEG will develop a program that will facilitate the use of qualified Tier 2 MWVBE suppliers and making them part of our Tier 1/Prime supplier network. This will include Residential, Commercial/Industrial and Professional Services.

Figure 1: Clean Energy Job Training Program



PSE&G’s CEF job training program recruitment activities will be supported by the partnership we’ve established with NJDOL’s 22 One Stop Centers and with the Newark Alliance. Training facilities will also leverage a network of partners, including community organizations such as Isles and the Urban League of Essex County, NAN Newark Tech World, various county community colleges and vocational institutions, EE vendor facilities, and PSE&G’s own training centers. Finally, initial training curriculums have already been developed for the four EE positions with the highest demand among our vendors (Energy Auditor, Insulator, Air Sealer, and Energy Efficiency Helper) and we will launch pilot training programs in June/July (pending the pandemic), in North Jersey and South Jersey for the Air Sealer and Energy Auditor positions. Upon full CEF-EE program approval, we will further work with our EE suppliers to standardize job titles, job descriptions, and required certifications across the industry, and further develop training curricula to support new job growth.

IV. Conclusion

PSE&G is uniquely situated to help expand cost-effective energy efficiency programs throughout New Jersey. The Company has implemented a number of award-winning energy efficiency programs over the course of ten plus years and it is poised to build on that success with

its CEF-EE filing. The result will be lower bills for all participating customers—particularly our most vulnerable ones, and creation of much needed/good paying jobs. While PSE&G has significant concerns that Staff’s Straw Proposal is misaligned with the goals of the CEA and disincentivizes utility investment in EE, it also believes that if the Board addresses these concerns appropriately, the Company’s CEF-EE program can bring about substantial economic benefits to the State of New Jersey.

Respectfully submitted,

A handwritten signature in blue ink, reading "Joseph F. Accardo, Jr.", written in a cursive style.

Joseph F. Accardo, Jr.

Bloomenergy™

May 15, 2020

VIA ELECTRONIC MAIL

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Re: Energy Efficiency Program Comments – LMI Impacts

Dear Secretary Camacho-Welch:

Please accept the following comments of Bloom Energy Corporation (“Bloom Energy”) concerning equity related to implementation of New Jersey’s current and the next generation of energy efficiency and peak demand programs in response to the Board’s Notice issued on April 27, 2020.

Bloom Energy is a manufacturer of solid oxide fuel cell technology that generates onsite power using a non-combustion process that does not produce local forms of “criteria” air pollutants - NOx, SO2, Particulate Matter, and Black Carbon. Bloom Energy Servers are designed in a modular fault-tolerant format that provides mission critical reliability with no downtime for maintenance. Bloom Energy systems have been proven resilient through disruptive events including hurricanes, earthquakes, utility outages, physical damage, and fire damage. Bloom Energy has installed over 350MW of its non-combustion solid oxide fuel cell systems for customers in eleven U.S. states as well as in Japan, South Korea, and India.

Our comments in this proceeding are limited to a single issue: *The Board’s energy efficiency programs should be revised to recognize the value of local air pollutant emission reductions and to eliminate favoritism for combustion technologies that emit these forms of local air pollution, often in low income areas of the state.*

The New Jersey Energy Master Plan

One of the stated goals of New Jersey's 2019 Energy Master Plan ("EMP") is supporting local, clean power generation in low and moderate-income and environmental justice communities. As explained in the EMP, "Clean power generation has the potential to provide LMI and environmental justice communities with locally supplied energy. Local clean power generation also provides additional resiliency, which is particularly important in LMI and environmental justice communities that are disproportionately impacted by the effects of natural disasters. Further, fossil fuel power generators are often located in or near environmental justice communities, placing additional burdens on them in the form of disproportionately contaminated air. By supporting clean power generation, the state can eliminate these disparities and work toward Governor Murphy's promise of a stronger and fairer New Jersey."¹

The New Jersey EMP further recognizes that LMI communities are "also more vulnerable to the impacts of disasters like Superstorm Sandy, which can interrupt transportation, the electrical grid, and lifeline services. Transportation, buildings, and electricity generation are significant sources of greenhouse gas emissions and criteria air pollutants, which negatively impact local air quality. Environmental justice and low-income communities are disproportionately impacted by air pollutants and other environmental and climate change-related hazards, as well as affected by economic disparities."²

Local Combustion Related Pollutants

A wave of recent studies has shown that local combustion related pollutants like NO_x, SO₂, and Particulate Matter are far more harmful to human health than previously believed, including findings that:

- Combustion related air pollution may be as harmful to your lungs as smoking cigarettes;³

¹ NJ 2019 Energy Master Plan at 202, available at: https://nj.gov/emp/docs/pdf/2020_NJBPU_EMP.pdf

² *Id.* at 198.

³ Wang M, Aaron CP, Madrigano J, et al. Association Between Long-term Exposure to Ambient Air Pollution and Change in Quantitatively Assessed Emphysema and Lung Function. *JAMA*. 2019;322(6):546–556. doi:10.1001/jama.2019.10255 Aubrey, Allison. Air Pollution May Be As Harmful To Your Lungs As Smoking Cigarettes, Study Finds. NPR. 13 August 2019. <https://www.npr.org/sections/health-shots/2019/08/13/750581235/air-pollution-may-be-as-harmful-to-your-lungs-as-smoking-cigarettes-study-finds>

- Particulate matter is the largest environmental health risk factor in the nation, and the resulting health impacts are borne disproportionately by disadvantaged communities;⁴
- Combustion related air pollution increases preterm birth risk;⁵

In addition to the human health impacts of local combustion related pollutants, calculations of the economic and health benefits associated with reducing NOx and PM emissions have been found to exceed the economic and health benefits of reducing GHG emissions on a per ton basis.⁶ In the same study, the New York University Institute for Policy Integrity determined that “DER use often displaces the use of traditional, fossil-fuel-fired generators, the substitution reduces emissions of many air pollutants, including greenhouse gases and local pollutants such as particulate matter, SO₂, and NO_x, which can contribute to climate change, worsen human health, impair ecosystems, harm crops, and make it harder for workers to be productive. Furthermore, DERs can be particularly valuable if they avoid local air pollution imposed on populations that are especially vulnerable to this pollution, such as low-income communities and communities of color.”⁷

The Board’s Energy Efficiency (CHP/Fuel Cell) Program

Contrary to these findings, however, the Board’s current program structure favors combustion technologies that emit local air pollution like NO_x, SO₂, and PM, and disfavors non-combustion technologies like fuel cells that do not emit local combustion related pollutants. For example:

- Non-combustion fuel cells are subject to a “Manufacturer Diversity” cap that limits the amount of funding any one non-combustion technology can access, however no such cap applies to combustion technologies.

⁴ Tessum et al. Inequity in consumption of goods and services adds to racial–ethnic disparities in air pollution exposure. *PNAS* March 26, 2019 116 (13) 6001-6006; first published March 11, 2019 <https://doi.org/10.1073/pnas.1818859116>

⁵Mendola, P. et al. “Air pollution and preterm birth: Do air pollution changes over time influence risk in consecutive pregnancies among low-risk women?” *International Journal of Environmental Research and Public Health*, 2019. <https://www.nih.gov/news-events/news-releases/nih-studysuggests-higher-air-pollution-exposure-during-second-pregnancy-may-increase-preterm-birth-risk>

⁶ Institute for Policy Integrity, New York University School of Law, “How States Can Value Pollution Reductions from Distributed Energy Resources” July 2018, available at:

https://policyintegrity.org/files/publications/E_Value_Brief_-_v2.pdf

⁷ Id

- A combustion CHP plant that emits NOx and PM and is located at a hospital that is treating respiratory patients can receive up to \$3M per project whereas a non-combustion all-electric fuel cell project of the same size at the same hospital can receive only \$1M.
- The combined CHP/Fuel Cell programs for FY 2020 funds approximately \$20M for combustion CHP, whereas non-combustion fuel cells were only able to compete for \$5M in total funding.

These specific issues reflect the fact that more generally the Board's programs simply do not place a value on the kind of local air pollution that is most directly harming New Jersey residents, especially those in LMI neighborhoods where combustion distributed generation and diesel generators are often located. The Board should take steps to reform its programs so the reverse is true – those technologies that do not emit local air pollution should be favored over those combustion technologies that do.

In light of the new information and concern around the impacts of local air pollution, we recommend that the Board:

- (1) Reform its programs to eliminate the Manufacturer Diversity limit on non-combustion fuel cells, and
- (2) Revise the per project funding caps to apply equally to all eligible technologies, and
- (3) Open the entire CHP/Fuel Cell funding pool to CHP and fuel cells on a level playing field basis, and
- (4) Adopt revisions to the program cost tests to take into account local air pollution emission reductions, and
- (5) Institute a new 25% "adder" for non-combustion projects that reduce or eliminate diesel generator usage in LMI neighborhoods.

The Board can achieve immediate emission reductions and increased community resiliency throughout the State, including in LMI and EJ communities, by simply eliminating the disparity in treatment between non-combustion and combustion technologies to reflect the actual value of local air pollutant emission reductions. This is a particularly important issue at a time when the

desire to increase resiliency and avoid transmission and distribution investments is driving more and more distributed generation into densely populated urban areas.

Bloom Energy appreciates the opportunity to provide these comments in response to the April 27, 2020, Notice. We look forward to working with the Board and Staff as the energy efficiency programs are developed and stand ready to provide additional information wherever that information will be helpful to the process.

Very truly yours,

/s/

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RE: Energy Efficiency Transition – Equity in Energy Efficiency
Comments of Atlantic City Electric Company

Dear Secretary Camacho-Welch:

On behalf of Atlantic City Electric (“ACE” or the “Company”), please accept these comments in response to the Equity Working Group meeting hosted by the New Jersey Board of Public Utilities (the “Board”) on May 4, 2020.

ACE is committed to providing energy efficiency (“EE”) participation opportunities to its low- and moderate-income (“LMI”) customers through its EE portfolio. ACE has a particular interest in this matter, given that its service territory has a significant low-income population—26% of ACE households earn less than \$35,000 a year, and 37% of ACE households earn less than \$50,000 a year.

To effectively address challenges to participation in current EE programs for LMI households, and to reduce barriers to participation in future EE programs for LMI households, EE metrics, cost-benefit analyses, and program design should afford utilities the flexibility to adapt to the unique challenges of serving LMI customers. As observed by the American Council for an Energy Efficient Economy (“ACEEE”), “[LMI] households tend to have older, less efficient appliances and equipment, making them good candidates for energy efficiency programs. They also have energy costs that account for a higher percentage of household income than in non-low-

income households. The challenge is to run programs that minimize cost and maximize energy savings.”¹

The relationship between utilities and LMI customers is a critical one that should be leveraged when implementing targeted EE programs. Utilities already have a direct financial and transactional relationships with those customers, relationships that are made more important by the share that energy costs make up among LMI households’ overall budgets. The following recommendations relevant to metrics, cost-benefit analysis, and flexibility in program design are intended to enable the success of EE programs for LMI customers by allowing utilities to leverage their expertise and long-standing community relationships to meet the challenges associated with achieving equity in EE. Finally, while ACE supports the inclusion of LMI programs to advance the goals of the Clean Energy Act (“the Act”), more ambitious goals aimed at comprehensive infrastructure change would more appropriately be pursued outside of the confines of these programs, perhaps as part of implementing federal stimulus funds, should such funds become available in the future.²

Metrics

Even assuming strong participation by LMI customers in utilities’ EE programs, broader societal challenges will remain. The focus of New Jersey’s Energy Efficiency Transition must remain centered on the goals expressed in the Act. Without this focus, the State runs the risk of overwhelming the budgets of ratepayer-funded energy efficiency efforts. Reaching LMI customers – historically a hard-to-reach and underserved population – will in fact help the State reach the Act’s goals.

The metrics used for New Jersey’s Energy Efficiency Transition will have a significant impact on program design and delivery for LMI customers. Metrics that look to broader societal benefits are appropriate for a more inclusive cost-effectiveness test, such as the Societal Cost Test (“SCT”). According to a report by Northeast Energy Efficiency Partnerships, “[t]he Societal Cost test includes the costs and benefits experienced by all members of society. This includes all of the costs incurred by any member of society: the program administrator, the customer, and anyone else. Similarly, the benefits include all of the benefits experienced by any member of society. The costs and benefits are the same as for the TRC Test, except that they also include externalities, such as environmental costs and reduced costs for government services.”³ The externalities considered by the SCT include non-energy benefits realized by society at large, such as “public health impacts,

¹ ACEEE, *Building Better Energy Efficiency Programs for Low-Income Households* (Mar. 2016) (hereinafter, “*Building Better Energy Efficiency Programs*”), at iii, available at <https://aceee.org/sites/default/files/publications/researchreports/a1601.pdf>.

² See NASEO, *Multi-organization Energy Efficiency Stimulus Support Letter* (Apr. 2020), available at [https://www.naseo.org/Data/Sites/1/energy-efficiency-stimulus-letter-4-9-2020-final\[1\].pdf](https://www.naseo.org/Data/Sites/1/energy-efficiency-stimulus-letter-4-9-2020-final[1].pdf).

³ Northeast Energy Efficiency Partnerships, *Non-Energy Impacts Approaches and Values: an Examination of the Northeast, Mid-Atlantic, and Beyond* (Jun. 2017), at 5, available at <https://neep.org/non-energy-impacts-approaches-and-values-examination-northeast-mid-atlantic-and-beyond>.

reductions in greenhouse gas emissions, water impacts, and local economic development effects”⁴; all of which have significant beneficial impacts for LMI customers.

An SCT developed by the State should evaluate the incremental cost of the measures against the avoided energy costs, customer realized energy savings, and societal benefits that support the goals of the Act, such as:

- Electric Energy and Demand Savings;
- Electricity Demand Reduction Induced Price Effects (“DRIPE”);
- Participant Fuel Savings (including natural gas, oil and propane);
- Participant Water Savings;
- Avoided Lamp Replacement Costs;
- Participant Comfort (as improved over a baseline);
- Reduced Electric Bill Arrearages; and
- Air Emissions (realized as greenhouse gas reductions from decreased energy use as a result of energy saving programs).

Therefore, as stated in previously filed comments, ACE suggests utilizing three metrics: (1) energy savings; (2) cost-effectiveness; and (3) low-income customer access to EE programs. For these metrics, the Company recommends the following weighting structure:

- 60% for annual energy savings;
- 30% for cost effectiveness using the SCT; and
- 10% for access to low-income programs.

Program portfolios should be evaluated for their efforts to reach LMI customers and ACE believes that a portion of each utility’s program portfolio budget should be allocated to these customers, with LMI programs measured by a percentage of dollar spend compared to the overall budget.

Cost-Benefit Analysis

Programs that specifically target LMI customers should be exempt from a cost-effectiveness test. These programs are typically more expensive to administer but are nonetheless an important part of an equitable program portfolio, as LMI EE programs balance both short-term and long-term goals of the State. The goals of the Clean Energy Act extend over a five-year period, with many program benefits accruing over a longer time horizon. According to research by ACEEE, EE programs for LMI customers “provide long-term benefits by decreasing household energy use and

⁴ *Id.* at 6.

corresponding costs. Such improvements also can improve the comfort, safety, and value of individual homes and multi-family buildings.”⁵

If a cost-effectiveness test is used, ACE recommends using the SCT to account for hard-to-quantify non-energy benefits, which are important to achieving State goals, as outlined in the 2020 Energy Master Plan. EE, as measured by the SCT, can be particularly beneficial to LMI customers, since studies indicate that home energy burdens are proportionally higher for LMI households than other households.⁶

Because these issues span such a wide range of challenges, and many are not directly energy-related, ACE supports an allowance or range in program design of up to 20% toward non-energy benefits. Such program spending on health and safety measures, (e.g., mold remediation and other contaminant removal) prior to EE work is practiced by programs in Massachusetts and Washington to ensure the impact of EE measures are long-lasting.⁷ Beyond this, however, ACE does not recommend relying on funds collected via the Societal Benefits Charge (“SBC”) to provide for the broader set of programs and offerings. Programs funded via the SBC should only be expected to produce energy-related benefits, or additional funds from outside the SBC should be leveraged.

Given the broad nature of the challenges facing LMI communities, such as health and safety, building integrity, economic development, job training, and others that are not energy or EE issues, *per se*, but are closely related to them, the State would benefit from a coordinated approach to addressing them. The addition of taxpayer funds to ratepayer funds could be one such solution. For example, a lesson learned from the deployment of the American Recovery and Reinvestment Act of 2009 (“ARRA”) stimulus funds was that the ability to access both taxpayer and ratepayer funds allowed “utilities to meet their savings targets faster using additional taxpayer funds rather than using utility customer funds alone.”⁸ Further, combinations of taxpayer and ratepayer funds allowed for many energy and non-energy benefits, including innovation, support for job creation and workforce development, and market transformation.

Combining taxpayer and ratepayer support may be a particularly salient approach given the current focus on public health. Even before COVID-19, there was already increasing attention being paid to the link between EE and health, and a growing awareness of the need to access non-

⁵ACEEE, *Meeting Essential Needs: The Results of a National Search for Exemplary Utility-Funded Low Income Energy Efficiency Programs* (Sep. 2005), at 1, available at <https://www.aceee.org/sites/default/files/publications/researchreports/U053.pdf>.

⁶ See Fisher Sheehan & Colton, *Home Energy Affordability Gap* (2013), available at www.homeenergyaffordabilitygap.com/.

⁷ *Building Better Energy Efficiency Programs*, at 20.

⁸ LBNL, *Interactions Between EE Programs Funded Under the Recovery Act and Utility Customer-Funded Energy Efficiency Programs – Technical Appendix* (Mar. 2011), at 22, available at <https://emp.lbl.gov/sites/all/files/lbnl-4322e-app.pdf>.

EE funds to overcome challenges. According to ACEEE, “[s]everal programs across the country . . . are taking more of a systems approach by simultaneously tackling energy waste as well as health and safety in buildings.” Exemplary programs in New York and Maryland have been noted for “leveraging health interventions and energy efficiency to maximize benefits for households, schools, and workplaces across the country.”⁹

For example, “stop work” health and safety conditions can prevent EE work from being completed in a home until remediated.¹⁰ Utilities should be given the program flexibility to adapt to these challenges. In some cases, circumstances may require the layering of non-EE funds to resolve the issue. In order to meaningfully pursue equitable participation in EE programs, like Comfort Partners, the State may need to help coordinate or otherwise identify non-EE funding solutions for remediating health and safety conditions that are a significant barrier to program success.

Program Design and Operational Flexibility

As stated in its previously filed comments, ACE believes that there can be significant benefits from allowing each utility the leeway and flexibility to design distinct programs and adjust them mid-implementation. This approach needs to balance flexibility with consistency, recognizing that common approaches can reduce transaction costs and customer confusion. However, the Company continues to believe that utility programs are most successful when tailored to the specific needs of customers in their respective service territories, even if that results in small differences in program design. That is particularly true in the case of programs focused on LMI customers, which often require more innovative approaches to overcome barriers, reach customers, and provide solutions that fit within limited household budgets.

For example, ACEEE recommends that “programs should be designed with the flexibility to address minor health and safety issues, and they should develop relationships with local housing rehabilitation organizations to help address larger issues in the homes of program participants.”¹¹ New Jersey’s utilities could develop and launch pilots that fund health and safety measures that have previously stood in the way of the implementation of energy conservation measures, including the potential prioritization and targeting of customers who have previously been turned away due to such restrictions.

Utilities can also benefit from having a diverse portfolio of LMI offerings. This can be true at the program level: “Program administrators are no longer offering just one program option for the low-income sector. Many now offer a range of strategies and initiatives to reach owners and

⁹ ACEEE, *The Next Nexus: Exemplary Programs That Save Energy and Improve Health* (Mar. 2018), at 2, available at <https://www.aceee.org/research-report/h1802>.

¹⁰ See State of New Jersey Department of Health, *Workplace Health and Safety*, available at <https://www.nj.gov/health/workplacehealthandsafety/>.

¹¹ *Building Better Energy Efficiency Programs*, at iii.

renters of single-family housing with diverse energy needs.”¹² A robust mix could include LMI best practice options such as home energy check-ups with direct install measures, energy kit giveaways, behavioral programs, whole house diagnostic programs, and financing, including on-bill financing or repayment, tariffed on-bill financing, underwriting support, and Property Assessed Clean Energy (“PACE”) financing. Additionally, the mix should be augmented over time with new program concepts, to be identified, developed, and tested. Utilities should be given substantial leeway to launch pilots aimed at overcoming specific LMI barriers, such as programs aimed at renters that address the owner-tenant split incentive problem.

The diversity of LMI offerings can also be true at the measure level. ACEEE reported that “[p]rograms have traditionally focused on building-shell improvements, but many are now incorporating additional measures into program offerings. Programs must adapt to address new conditions, such as more electric plug loads.”¹³ Such measure-level diversity could include utility funding for non-Weatherization Assistance Program measures, and providing the flexibility to offer enhanced rebates or fully funded measures. For instance, incentivizing low-cost, energy-efficient appliances priced \$80 to \$100 more than the inefficient lowest-cost option encourages customers to choose the more efficient one. Customers then save on their energy costs and help meet the State’s energy efficiency goals. In other words, what would be an effective incentive for the general population may not be sufficient for LMI customers as it targets higher-end efficient models, not the lower-cost ones.

In addition to exploring additional non-ratepayer funding sources in coordination with New Jersey agencies like the Department of Health, the Department of Community Affairs, and the Department of Human Services, the State can play a role in making it less onerous for LMI customers to participate in income-qualified programs. Other states have experienced success by streamlining the income qualification process. For example, “Michigan benefits from close working relationships with its utility companies and nonprofit partners. The state has implemented a standardized online application for almost all social service programs, considerably reducing the burden on low-income households applying for assistance.”¹⁴ At the very least, according to research by ACEEE, “[e]ligibility requirements can be coordinated between energy efficiency and bill payment assistance programs to allow for more streamlined participation. These programs can share customer information to help address the energy needs of the highest-use households.”¹⁵ Another option is to promote cross-utility collaboration, with electric utilities and gas utilities

¹² *Id.*

¹³ *Ibid.*

¹⁴ Landey, Alana and Rząd, Yuliya, U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation (“ASPE”) Research Brief, *Approaches to Low-Income Energy Assistance Funding in Selected States* (Mar. 2014), available at <https://aspe.hhs.gov/basic-report/approaches-low-income-energy-assistance-funding-selected-states>.

¹⁵ *Building Better Energy Efficiency Programs*), at iii.

working together to jointly deliver efficiency programs, so that shared customers have a simpler experience.

Community Outreach

Overcoming distinct LMI barriers and building trust and relationships within local communities are key to delivering EE programs for LMI customers. One of the most effective ways for utilities to accomplish this is to partner with local community-based organizations that already serve low-income constituents. This can also include partnerships with local Community Development Financial Institutions (“CDFIs”) that have EE financing and housing affordability in their missions and a willingness to serve hard-to-reach communities and customers with low-cost financing. Utilities are well-positioned to offer LMI programs as they know the needs of the community and have existing relationships with community-based organizations (“CBOs”) and agencies. Utilities have a history of partnering with food banks and local food pantries to distribute energy efficient products to their customers who need them the most.

First, partnering with CBOs can avoid market confusion, leverage income qualifications and other sources of funding, and provide opportunities for mutual cross-marketing (such as partnering on smart phone apps and social media) and other support. An ACEEE report stated, “[d]eveloping partnerships with organizations that provide services or work within targeted communities can help expand an existing program’s reach. Partnerships can also help ensure that the program meets the needs of the community it is trying to serve. Further, partners can offer additional services that might not be available through a program. The Vermont One Touch and the Bronx Healthy Buildings Program are examples of programs that leverage several collaborative relationships with state agencies, hospitals, and other local organizations to serve program participants more comprehensively.”¹⁶

Second, program administrators that provide sustained EE education may also aid in engaging the LMI community. ACEEE notes that “[a]dministrators can build trust within low-income communities and interest in their programs via energy education initiatives and materials. Integrating educational components into programs also improves the realization and persistence of installed measures.”¹⁷ Utility efforts can include post-purchase education and counseling to promote sustainable usage of equipment, technical assistance and training support for CBOs that provide energy efficiency services, job and workforce preparedness training, and credit and utility bill counseling.

Finally, it may be possible to better leverage data to elicit LMI participation in utility programs. For example, DTE Energy in Michigan “began using census-based information on income levels to increase delivery of its general energy efficiency services (offered to all customers regardless of income level). Tapping into readily available census data allows the utility to easily identify low-income neighborhoods so it can focus a larger share of all its energy efficiency services in those areas. Together, the EEA [Energy Efficiency Assistance] program, [which works with

¹⁶ ACEEE, *The Next Nexus: Exemplary Programs That Save Energy and Improve Health* (Mar. 2018), at 23, available at <https://www.aceee.org/research-report/h1802>.

¹⁷ *Building Better Energy Efficiency Programs*, at iii.

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households at or below 200% of the federal poverty guidelines] and census-based targeting increased participation in DTE's low-income programs by more than 400 percent between 2011 and 2012."¹⁸

ACE appreciates the opportunity to comment on equity in EE. The Company looks forward to providing further input on this important topic in the future.

Respectfully submitted,


Andrew J. McNally

¹⁸ *Id.*



**To: Aida Camacho-Welch, Secretary of the New Jersey Board of Public Utilities
(EnergyEfficiency@bpu.nj.gov)**

**From: Kara Saul Rinaldi, Vice President of Government Affairs, Policy and Programs
Building Performance Association**

Re: Equity in Energy Efficiency

Date: May 15, 2020

As leaders in the residential energy efficiency industry, the Building Performance Association¹ (BPA) respectfully responds to the New Jersey Board of Public Utilities (NJBPU) request for comments concerning equity related to implementation of New Jersey’s current and the next generation of energy efficiency and peak demand programs.

BPA is a membership-driven 501(c)(6) industry association focused on the home and building performance industry—delivering improved energy efficiency, health, safety, and environmental outcomes. BPA supports home performance contractors, state and regional organizations, weatherization agencies and training centers, manufacturers and local non-profits focused on residential and commercial energy efficiency.

Equity in Energy Efficiency Will Improve Lives *and* Advance Clean Energy Goals

Energy efficiency is a key resource for both meeting clean energy goals and improving the lives of New Jersey residents, and the role of equity therein is a vital consideration for regulators. Residential energy efficiency programs can provide many benefits in addition to direct energy savings, including reducing air pollution and greenhouse gas emissions, increased comfort, health, and energy affordability. BPA therefore urges NJBPU to focus on ensuring customers of all income levels and communities have access to these services.

In order to “ensur[e] access to increased efficiency for all residents so that energy burden disparities are not amplified,” as outlined under Strategy 3 of the Energy Master Plan, it is important to understand the unique barriers preventing lower income households and underserved communities from accessing energy efficiency upgrades, as well as what opportunities exist to better leverage the potential of energy efficiency to benefit all residents of the Garden State and especially vulnerable communities. In many cases, lower income and vulnerable populations stand to gain most from weatherization and energy efficiency improvements to their homes and the ancillary benefits.

¹ BPA was formed through the re-alignment of the Home Performance Coalition, Efficiency First, and Home Energy Magazine and works closely with the Building Performance Institute, Inc. (BPI).

Below are 4 key considerations for addressing equity in energy efficiency: (1) energy affordability is a critical issue for many New Jersey families, (2) energy efficiency upgrades provide significant health and other non-energy benefits that are especially important to disadvantaged communities, (3) energy efficiency is a local job creator and could be a key part of New Jersey's economic recovery post-COVID, and (4) in the face of disproportionate climate impacts energy efficiency can help improve the resilience of the state's most vulnerable populations.

1. Energy Affordability

Energy costs are a significant living expense, and disproportionately so for lower income families. A report by the Applied Public Research Institute for Study and Evaluation (APPRISE) found that 79% of low-income households in New Jersey have unaffordable energy burdens—meaning the percentage of their household income spent on energy costs is above 6%. Furthermore, nearly 3 in 10 low-income households face an energy burden of 20% or more.² Ensuring access to efficiency upgrades for these households will provide critical cost savings.

The impacts of the COVID crisis are making energy affordability even more important. Initial analysis shows that residential energy usage has risen as families shelter in place. This poses an incredible challenge as households will face increased bills and, in many cases, lower incomes due to widespread unemployment. Energy efficiency measures are a key to helping customers reduce their overall energy usage and thereby their energy bills as they struggle to find ways to contain costs in these difficult economic times.

2. Health and Other Non-Energy Benefits

In addition to the cost-savings benefits to homeowners, efficiency upgrades also provide health and safety benefits. Studies have shown that improvements in occupant health from residential energy efficiency are strongest among vulnerable groups: lower income households and residents with pre-existing health conditions linked to housing risks.³ A U.S. Department of Energy report on the Weatherization Assistance Program found that weatherization can improve household health and safety and the well-being of occupants—through improved indoor air quality, reductions in carbon monoxide poisoning and thermal stress, alleviated asthma symptoms, reduced sick days, and increased productivity.⁴

These benefits are potentially even more important now, with people spending more

² [https://njcleanenergy.com/files/file/Final%20NJ%20CP%20Evaluation%20Report%20\(2\).pdf](https://njcleanenergy.com/files/file/Final%20NJ%20CP%20Evaluation%20Report%20(2).pdf)

³ <https://e4thefuture.org/wp-content/uploads/2016/11/Occupant-Health-Benefits-Residential-EE.pdf>

⁴ https://weatherization.ornl.gov/wp-content/uploads/pdf/WAPRetroEvalFinalReports/ORNL_TM-2014_345.pdf

time at home in the midst of the current shutdown. Issues like indoor air quality, mold, and the ability to maintain comfortable temperatures in homes are ultimately a matter of public health, which building science-based residential energy retrofits can address if programs are designed with occupant health benefits in mind.

A study that was just released by the American Council for an Energy-Efficient Economy shows that by targeting four common health risks — asthma, falls, and exposure to extreme heat or cold — existing weatherization programs could save almost \$3 billion dollars in avoided health harms over a ten-year period.⁵ The report authors conclude that monetizing these health benefits can position programs to maximize impact and specifically target populations that stand to benefit the most: low-income households and vulnerable households burdened by chronic disease and the health effects of climate change.

3. Jobs & Economic Recovery

There is immense potential in the energy efficiency sector to provide sustainable jobs and new economic opportunities. Energy efficiency is a proven jobs creator. In 2018, for example, energy efficiency businesses in the United States accounted for approximately half of the broader energy sector’s job growth.⁶ As we have noted in numerous other comments submitted to the NJBPU, New Jersey has been underperforming in energy efficiency job creation, ranking 47th in the nation among states in per capita employment. The state could do better in economic development and job creation in the energy efficiency industry.⁷

New Jersey should focus on enhancing workforce training and development programs for skilled energy efficiency jobs and increasing pathways to these economic opportunities for local workers, especially for people of color and low-income communities, in order to advance equity and grow a larger and more diverse workforce.

⁵ <https://www.aceee.org/research-report/h2001>

⁶ <https://e4thefuture.org/wp-content/uploads/2019/09/Energy-Efficiency-Jobs-in-America-2019.pdf>

⁷ According to the [2019 Energy Efficiency Jobs in America](#) report, there were 36,206 New Jersey residents employed in energy efficiency in 2018—a significant number of jobs in a state with approximately 9 million residents. However, the report also indicates that 86,473 Massachusetts residents were employed in energy efficiency industries in 2018—more than twice the number represented in New Jersey, in a state with a significantly smaller population of less than 7 million residents. It’s important to note here that Massachusetts has adopted pro-job growth energy efficiency programs and policies. Well-designed and implemented energy efficiency and demand response programs have been demonstrated in numerous state and national studies to be the lowest cost, most predictable and most immediate method to reduce energy demand, create local jobs, provide opportunities for small business energy efficiency entrepreneurs while also providing health and comfort benefits to consumers and lower utility rates in the long term.

Importantly, a robust local energy efficiency workforce can deliver significant benefits to the community—due to the on-site nature of the work—benefits which are outlined in the other sections of these comments.

With the state currently facing record-high unemployment as a result of the COVID pandemic, investing in job training is also an opportunity to support transitioning workers and bring people back to work once the shutdown has ended. Moreover, in a post-COVID economic environment, the so-called “non-energy benefits” of job creation and additional spending money in the local economy can help drive New Jersey’s economic recovery by creating new jobs and aiding existing workforces, boosting economic activity in key labor-intensive sectors, and delivering benefits for the entire state. Energy efficiency programs, for example, offer many win-win opportunities because they involve labor-intensive projects that can start quickly and draw upon local supply chains such as construction and manufacturing while also saving money for customers and improving the economic competitiveness.

4. Climate Impacts & Resilience

Energy efficiency programs can also deliver substantial benefit to communities affected by pollution and climate change. Increased energy efficiency helps reduce local air pollution, by reducing the fuels burned in communities, and efficiency upgrades can also make homes more resilient to the impacts of climate change. Both are critical from an equity standpoint given that air pollution has unevenly distributed public health impacts, affecting certain communities more than others, and climate change impacts are expected to have disproportionately negative impacts on low-income communities, communities of color, and other vulnerable populations.⁸

Energy efficiency measures not only reduce carbon emissions and air pollution through lowered energy demand, they can also significantly improve the physical structure of homes. Building envelope improvements like high performing insulation and air sealing increase the durability of the building and its ability to withstand extreme weather and keep occupants safe. Studies have shown that homes built to the latest energy code, with efficient, well-sealed structures, are able to maintain safe indoor temperatures through extreme heat and cold and allow residents to remain safe and comfortable for longer during a power outage.⁹ Promoting access to energy efficiency programs among vulnerable communities will help to improve their well-being and resilience in the face of climate change, while simultaneously helping to advance the state’s climate goals.

⁸ <https://nca2018.globalchange.gov/>

⁹ <http://www.aceee.org/files/proceedings/2014/data/papers/1-439.pdf>

Including Non-Energy Benefits in Cost-Effectiveness Testing

Reforming cost-effectiveness testing to ensure the inclusion of the important non-energy benefits outlined above is an important step to better serving disadvantaged communities. A new report from the Regulatory Assistance Project, [Energy Infrastructure: Sources of Inequities and Policy Solutions for Improving Community Health and Wellbeing](https://www.raonline.org/knowledge-center/energy-infrastructure-sources-of-inequities-and-policy-solutions-for-improving-community-health-and-wellbeing/), concludes that “using cost-effectiveness tests that account for more benefits to participants and society when designing programs or making funding decisions will result in a more robust energy efficiency portfolio and improved equity.” According to the report, non-energy benefits are generally high for energy efficiency programs targeting low-income consumers and can make the difference between passing or failing a cost-effectiveness test. As examples, “some states (Arizona, Colorado, Vermont, Washington, and others) include external benefits like reduced health care costs, fewer missed work or school days, and other ancillary benefits of energy efficiency measures when calculating cost-effectiveness for making resource decisions.”¹⁰

To reiterate from our comments submitted to the NJBPU on the Full Straw Proposal, we are greatly encouraged by the inclusion of the Resource Value Framework and National Standard Practice Manual in the Straw Proposal and commend the NJBPU staff for planning to coordinate with stakeholders over the spring, summer and early fall of 2020 to consider development of a primary “New Jersey Test” that is balanced, transparent, replicable, and prioritizes the policy objectives of the State.

In order to “ensure investment in cost-effective energy efficiency measures, ensure universal access to energy efficiency measures, and serve the needs of low-income communities,” as required by the Clean Energy Act (P.L. 2018, c. 16), the Building Performance Association urges NJBPU to ensure that all relevant non-energy benefits of energy efficiency are accounted for in its primary test.

Understanding & Addressing Unique Barriers

Additionally, there are a number of unique barriers preventing low-income and other vulnerable households from accessing energy efficiency improvements which should be considered in the design and implementation of New Jersey’s energy efficiency programs. High upfront costs, creditworthiness requirements, and split incentives between renters and landlords to invest in energy efficiency upgrades can prevent lower-income customers from accessing energy efficiency services. Many low-income homes also face issues such as mold, leaky roofs, asbestos, and other deteriorated conditions that can prevent installation of important efficiency measures. Finally, lack of public awareness of available programs is another hurdle.

¹⁰ <https://www.raonline.org/knowledge-center/energy-infrastructure-sources-of-inequities-and-policy-solutions-for-improving-community-health-and-wellbeing/>

Expanding Programs for Low- and Moderate-Income Households

Given the existing barriers, it is important to review the low-income weatherization programs and how these can be expanded to help low and moderate-income families reduce their utility bills. We urge NJBPU staff to refer to BPA's 2017 report, [Weatherization and Home Performance: Recommendations for Mutual Success and Collaboration](#), on how low-income weatherization programs can be expanded to help low- and moderate-income families reduce their utility bills. The report aimed to identify opportunities and barriers in creating a more unified set of cost-effective residential energy efficiency programs for all income levels and to discuss the untapped potential for residential energy efficiency.

Low-Cost Financing

Ensuring there are low-cost financing options available is one key strategy for ensuring energy efficiency equity, given that costs are a significant barrier preventing low- and moderate-income households from completing energy efficiency upgrades. Especially since the energy efficiency measures that can achieve the most energy savings, such as whole-home insulation and air sealing and upgrading to an efficient HVAC system, often have the highest upfront costs.

BPA appreciated the references to on-bill financing for the residential and multifamily sector programs in the Full Straw Proposal, as stated in our April 13 comments to the NJBPU. These financing mechanisms enable homeowners to manage the upfront costs of energy efficiency upgrades and will help more New Jersey families lower their utility bills. Moving forward we encourage NJBPU to continue to consider policies and programs that support low-cost funding and financing mechanisms for energy efficiency measures in the residential sector.

Thank you for this opportunity to submit comments. Please do not hesitate to contact me with questions.

Sincerely,

Kara Saul Rinaldi
Vice President of Government Affairs, Policy, and Programs
Building Performance Association
kara.saul-rinaldi@building-performance.org; 202.276.1773
www.building-performance.org

May 15, 2020

New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Submitted via email: EnergyEfficiency@bpu.nj.gov

Re: New Jersey Energy Efficiency Transition, Equity in Energy Efficiency Written Comments

On behalf of the New Jersey Statewide Heating Assistance and Referral for Energy Services (NJ SHARES), I am pleased to submit these comments in response to the New Jersey Board of Public Utilities (BPU) request for comments on equity in energy efficiency. NJ SHARES thanks the BPU for the opportunity to submit comments on such an important and pressing issue facing New Jersey's energy efficiency programs.

NJ SHARES was established 22 years ago to help deal directly with the heating and energy insecurity issues that low- to moderate-income (LMI) households face. Since our inception, NJ SHARES has assisted over 185,000 individuals throughout New Jersey's 21 counties, distributing more than \$75,000,000 in funding to New Jersey's most vulnerable populations. Over the years, NJ SHARES has built, maintained, and expanded our partnerships, network, and affiliate agencies throughout the state to offer and expand available services to energy insecure households in New Jersey. By leveraging these partnerships and combining them with our own extensive experience, NJ SHARES has implemented and maintained the operation of large-scale energy assistance programs that focus on LMI households.

The Governor's Energy Master Plan has put New Jersey on a path to 100% clean energy by 2050. Included on this pathway is the reduction of electric energy demand and peak energy demand by 20% by 2029. Achieving such goals will not only require all regulated state energy utilities to expand their energy efficiency efforts, at the same time, it must also be ensured that LMI households are able to participate in this valuable efficiency trend. It is the belief of NJ SHARES that such assurances can be found by implementing the following recommendations:

1. Transition from having multiple energy efficiency programs to one that encompasses a whole-home approach that addresses public health in addition to energy efficiency.

Low- to moderate-income households are most vulnerable to face energy insecurity, which the *Journal of Social Science and Medicine* defines as "the multi-dimensional construct that describes the interplay between physical conditions of housing, household energy expenditures and energy-related coping strategies."¹ In the journal, author Diana Hernandez PhD, explains the deep implications and adverse consequences of energy insecurity on LMI households. For the energy insecure, there are constant health, environmental, behavioral, social, and economic conditions that arise from the inability to participate in

¹ Hernández D. (2016). Understanding 'energy insecurity' and why it matters to health. *Social science & medicine* (1982), 167, 1–10. <https://doi.org/10.1016/j.socscimed.2016.08.029>

energy efficiency and meet the high cost of energy bills. Most notably, energy insecure families develop coping strategies to budget their energy resources, often resulting in increased medical vulnerability, which can lead to an adverse impact on emotional well-being. Energy insecurity creates a systematic and comprehensive level of disadvantage that impairs a family's ability to succeed and thrive.²

Further, according to the Energy Information Administration's (EIA) Residential Consumption Survey, one in three U.S. households face challenges when paying energy bills or adequately heating or cooling their homes. One in five forgo necessities like food and medicine in order to pay energy bills, forcing difficult tradeoffs that impact the household's well-being.³ By transitioning away from the various programs currently available, and adapting a whole-home approach, existing barriers to energy efficiency such as structural issues, leaks, mold, and personalized eligibility criteria will no longer prevent the LMI community from participating in energy efficient upgrades and investments. Furthermore, the consequences described above that are felt by energy insecure LMI households will begin to dissipate as their equity in the field grows.

To best integrate health and safety, LMI efficiency programs need to have greater flexibility and budget security than what currently exists under the Comfort Partners Program. A utility administered energy efficiency program has more flexibility to meet the evolving needs of LMI communities. Utilities are not only required to spend the program budget on these programs, but also have the ability to amortize the cost of these programs thus avoiding a rate shock effect that exists within co-managed programs.

2. Restructure program model by working with the utilities to identify high-usage customers as well as opportunity zones within their territories.

While higher-income households may spend more money on energy because they live in larger homes, LMI households pay more, with utilities costing an average of \$1.41 per square foot as compared to \$1.23 for non- low-income households.⁴ This discrepancy is partly because LMI households often live in housing that is structurally outdated and use less efficient appliances when compared to their counterparts. Yet, despite this gap in energy costs, only six percent of energy efficiency program investments in the U.S. are specifically geared toward low-income households, even though low-income households account for more than thirty percent of U.S. residential electricity use.⁵

One resource available to the energy insecure is the Weatherization Assistance Program (WAP), created by the Department of Energy (DOE) to provide LMI households with financial and technical assistance needed to weatherize their homes. On average WAP upgrades save households an average of \$283 dollars

² Hernández D. (2016). Understanding 'energy insecurity' and why it matters to health. *Social science & medicine* (1982), 167, 1–10. <https://doi.org/10.1016/j.socscimed.2016.08.029>

³ U.S. Energy Information Administration – EIA – Independent Statistics and Analysis. (2015). One in three U.S. Households faces a challenge in meeting energy needs. Retrieved on May 3, 2020, from, <https://www.eia.gov/todayinenergy/detail.php?id=37072>

⁴ American Council for an Energy-Efficient Economy (ACEEE) (2016). *Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities*. Retrieved from https://assets.ctfassets.net/ntcn17ss1ow9/1UEmqh5I59cFahMqVwHqMy/1ee1833cbf370839dbbdf6989ef8b8b4/Lifting_the_High_Energy_Burden_0.pdf

⁵ Environmental Defense Fund (EDF) (2018). *Low-Income Energy Efficiency: A pathway to Clean, Affordable Energy for All*. Retrieved from https://www.edf.org/sites/default/files/documents/liee_national_summary.pdf

each year, helping households obtain energy savings while also creating a healthier indoor environment.⁶ Additionally, the Department of Energy’s (DOE) Office of Energy Efficiency & Renewable Energy found that for every dollar (\$1) invested in weatherization, \$4.50 was generated in energy and non-energy benefits, such as reducing the carbon imprint.⁷

While these figures look promising, there is still a substantial unmet need for weatherization and other energy efficiency improvements. For example, there are nearly 30 million households eligible for WAP, yet the program is only able to weatherize 35,000 homes annually – serving only 0.1% of the total qualified households. While the benefits of WAP are undeniable, there are still an overwhelming number of households who are unable to obtain assistance, and for these households, energy insecurity continues to force tradeoffs on their health and wellbeing. By restructuring the program model and focusing on high usage households and opportunity zones identified by the utilities, New Jersey will be able to expand the reach of energy efficiency deeper into LMI communities while reaping the benefits of lowered energy demand and reduced carbon and greenhouse gases.

3. Create a local and diverse workforce that guarantees the inclusion of women, minorities, veterans, and members of the low-income community.

Energy efficiency has been the leader in new job creation across the nation’s energy sector since 2018, cementing clean energy’s position as a powerful economic driver. Further, energy efficiency advances sustainable, long-term economic opportunities that foster not only good jobs, but stable careers that cannot be outsourced.⁸ In order to ensure equity in energy efficiency job creation, parameters need to be put into place to ensure these jobs are accessible to everyone. This is especially true for workers with greater barriers to entry, such as women, minorities, veterans, and the LMI community, all of whom are currently underrepresented in the energy efficiency job sector.

To aid in the endeavor, unions and nonprofit organizations can be utilized to help ensure a local and diverse workforce. Unions represent individuals in trades across many industries and use their collective bargaining power to uphold skill and wage standards, working to ensure access to high quality jobs. Additionally, unions in New Jersey have local chapters that spend millions of dollars annually on their training programs and operate competitive apprenticeship programs to train workers for a particular trade. These programs set workers on a direct career trajectory and provide them with the concrete skills they need to succeed. By way of example, NJ Laborers Local 55 was created roughly a decade ago to do residential weatherization. Their membership is predominately comprised of minority members, as their model is to recruit members from the local community. Once recruited, work opportunities and training are provided through a federally approved apprenticeship program. Once the training is completed, members are then deployed within their own communities.

⁶ Weatherization Assistance Program. (n.d.) Retrieved May 3, 2020, from <https://www.energy.gov/eere/wap/weatherization-assistance-program>

⁷ U.S. Department of Energy. (2014). *Weatherization Works – Summary of Findings from the Retrospective Evaluation of the U.S. Department of Energy’s Weatherization Assistance Program*. Retrieved from https://weatherization.ornl.gov/wp-content/uploads/pdf/WAPRetroEvalFinalReports/ORNL_TM-2014_338.pdf

⁸ National Association of State Energy Officials (NASEO). (2020). *2020 U.S. Energy & Employment Report*. Retrieved from <https://www.usenergyjobs.org/>

Similarly, nonprofit, and community-based organizations (CBO) play a collaborative role in convening individuals and organizations across the public, private, and nonprofit sectors regarding energy efficiency opportunities. With a distinct and hyper-local understanding of the communities economic and employment landscape, these organizations connect community members with union and industry offered jobs and training. Further, because nonprofits and CBO's work in LMI communities, they can help local government design and implement an energy efficiency workforce that is inclusive of all community members.

As costs for residential heating and cooling needs steadily increase, they account for a higher percentage of household budgets and further represent emerging disparities between New Jersey communities. LMI communities are especially hit hard during an economic downturn, leading many to choose between paying their utility bills, rent, buying food, or other basic needs. These issues are being exacerbated by COVID-19, with the effects of this current emergency being felt more acutely by LMI communities who lack the same systematic equality and economic opportunity as non LMI communities.

As New Jersey begins on the road to recovery, understanding the nuances of the LMI community and energy insecurity are important, as it informs the way energy assistance programming should operate. Having worked with energy insecure families for more than 22 years, NJ SHARES has developed expertise in addressing the needs of LMI households and stands ready to assist the State of New Jersey however possible.

Again, thank you to the New Jersey Board of Public Utilities for convening and allowing public comments about equity in energy efficiency. By investing in energy efficiency in LMI communities, New Jersey will be able to level the playing field regarding equity, all while reducing energy consumption and creating jobs that will unquestionably help restart the economy. New Jersey SHARES looks forward to continuing the conversation on this important and timely subject.

Sincerely,



Cheryl Stowell
CEO, New Jersey SHARES
Cstowell@njshares.org

Energy Efficiency Stakeholder Meeting - Comments

TO: New Jersey Board of Public Utilities

FROM: Peter Rose, Managing Director, Isles Inc.

Isles Inc. is a 40 yr. old community-based non-profit organization located in Trenton NJ, but with a statewide view. Among many other services, Isles provides workforce training in energy efficiency and environmental health, residential energy efficiency retrofits and lead remediation/abatement.

Our main concern is how low and moderate income communities and individuals are treated under this proposal and while the proposal does address some of our concerns, we believe that greater focus needs to be placed on effectively serving the low income market and not just talking about doing so.

With regards to the “Energy Efficiency Straw Proposal”, we would like to underline several key points:

- Properly done, energy efficiency retrofits provide multiple community benefits
- Low-income retrofits offers the highest returns on costs
- Barriers need to addressed for the program to work
- Potential to the State of NJ if successful

Community Benefits

A 2016 study by the American Council for an Energy Efficient Economy (ACEEE) and Energy Efficiency for All (EEFA) found that low-income, black, and Hispanic communities spend a much higher share of their income on energy. Median energy burdens for low-income households are more than **three times higher than among the rest of the population.**

Utility bills are the primary reason why people resort to payday loans, foreclosures and play an outsized role in the perpetuation of poverty. But the impacts of soaring energy bills go beyond finances. Living in under-heated homes puts occupants at a higher risk of respiratory problems, heart disease, arthritis, and rheumatism, according to ACEEE and EEFA.

The 2016 study found, not surprisingly, is that low-end housing is significantly less energy-efficient than other housing stock. People with less money aren’t just paying a greater proportion of their income for energy — they’re paying more per square foot.

Return on Investment

There is a great amount of potential for energy savings in these older buildings. ACEEE and EEFA found that 97 percent of the excess energy burdens for renting households **could be eliminated by bringing their homes up to median efficiency standards.** And a 2015 study by the U.S. Department of Energy found that the value of energy upgrades is 2.2 times their cost. This figure is even higher for the most inefficient homes.

Energy efficiency retrofits carried out in 16 cities across 8 Southeast US states from 2010-2013 created a 387% return on investment (ROI), according to [a recent report from the Southeast Energy Efficiency Alliance \(SEEA\).](#)

The SEEA energy efficiency retrofit effort spurred \$3.87 million in economic input and 17.28 new jobs for every \$1 million invested, an intense spurt of green economic growth in new spending, reduced energy costs, and associated spending created by newfound money through worker income or utility bill savings.

Retrofit type	Rate of Return
Light retrofit (10% energy saving)	18.5%
Medium retrofit (29% energy savings)	5.8%
Deep retrofit (79% energy savings)	4.0%

Currently, the benefit and the burdens of energy usage are not equally distributed. And while utility monopolies are pushing concerns about minor revenue losses and return on shareholder investments, the state *should be paying more attention to the vastly greater revenue gains to the state if low income households finally receive energy efficiency upgrades*. Those gains result from lower health care costs, more workforce participation, improved school performance, and an increased tax base.

Impediments to LI Participation/Lowering Barriers

Low-income Energy Efficiency (LIEE) programs are underperforming for many reasons and for many years, if not decades, in New Jersey and elsewhere. We do not see any significant changes to *improve* LIEE programming and delivery through this proposal, but with some thoughtful consideration, minor shifts in LIEE programs would make a significant difference in program delivery, which in turn provides energy savings, health benefits and employment.

The bi-furcated state systems for LIEE delivery suffer from program designs that present multiple impediments to successful delivery of energy efficiency to low/mod households. Barriers exist in program intake requirements, marketing, delivery and workforce capacity.

To address these issues, we suggest:

1. Starting with where LI customer *are* (culturally, economically and socially) not where we want them to be. To do that the state must get real feedback from contractors, customers and other stakeholders to understand the dynamics of delivering these services effectively to LI customers.
2. Have a unified and comprehensive communications plan to reach LI customer with program info and reason for participation.
3. Unify the disparate EE systems for low-income (DOE, LIHEAP, Clean Energy). Harmonize regulations, intake, etc. This includes making application process and documentation requirements less burdensome. Reduce documentation hurdle (the largest one) by making the program universal or nearly universal by using census tract for qualification, not household income. If you insist on income qualification, raise the qualification to at least 80% of HUD median, if not 100%.
4. Combine energy efficiency, lead safety, healthy homes and solar (both community and rooftop). Allow for flexibility in measures based on need in unit, not just focus on EE, which results in high number of deferrals for structural issues. Allow agencies or companies providing retrofits to more easily braid together lead and weatherization funds from multiple programs.

5. Allow for or create fund for pre-weatherization work, such as roof repairs (the biggest expense and barrier to weatherization) and other structural issues to greatly reduce “deferred” units.
6. Train a new workforce of BPI certified installers, technicians and auditors to provide adequate staffing to contractors willing to provide work in low income communities.
7. Require weatherization when households get heating assistance with a focus on High Use Customers.
8. Utilize variety of delivery methods. Consider giving *customers* more choice and control. Incentivize specific set of contractors to work in LI neighborhoods and have goals for units.

Potential Benefits

Done thoughtfully and with a focus on the goal of energy reduction, delivering low-income weatherization to a large number of households previously ignored by EE programs provides an opportunity to energize financial and health benefits to residents, new jobs for unemployed or underemployed workers in the energy efficiency field, and new economic activity generally. Isles and other vocational training organizations are ready to begin training hundreds of new workers in nationally certificated, high demand entry level and advanced energy efficiency jobs, once those positions are needed.



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Deborah M. Franco
Vice President, Clean Energy and Sustainability

May 15, 2020

VIA ELECTRONIC MAIL

Aida Camacho-Welch
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625
energyefficiency@bpu.nj.gov

Re: Comments on Equity In Energy Efficiency

Dear Secretary Camacho-Welch,

These comments are respectfully submitted on behalf of South Jersey Gas Company (“SJG”) and Elizabethtown Gas Company (“ETG”) (collectively, the “Companies”) as a follow-up to the stakeholder group meeting held on May 4, 2020 regarding equity in energy efficiency. The Companies incorporate by reference the comments submitted by SJG and ETG on April 13, 2020 in response to the Energy Efficiency and Peak Demand Program Administration Straw Proposal (“Straw Proposal”) released by the New Jersey Board of Public Utilities (“Board”) on March 20, 2020.

As a preliminary matter, as the country emerges from the impacts of the pandemic and we move towards achieving the State’s clean energy and energy efficiency goals contained in the Energy Master Plan and the New Jersey Clean Energy Act of 2018, it will be critical to ensure that underserved communities share in the benefits that green initiatives will offer. Not only will energy efficiency programs help disadvantaged customers lower their energy consumption, energy efficiency represents one of the energy industry’s fastest job growth sectors, thereby creating employment opportunities and economic stimulus for all groups, including those in need.

To ensure that the benefits of energy efficiency are available to low and moderate income customers it is critical to optimize the delivery of energy efficiency offerings to underserved groups. Toward this end, programs designed to serve the State’s low-income customers should be managed individually by the utilities and integrated with the overall residential portfolio of energy efficiency programs. As SJG and ETG stated previously in in comments on the Straw Proposal, the Comfort Partners Program should continue, but program funding and participation should be increased and the Comfort Partners Program should be the sole responsibility of the utilities.

Specifically, the Comfort Partners Program and associated offerings should be part of the utilities' energy efficiency portfolios and budgets to be included in the filings that will be made by the utilities after the Board's consideration of the Straw Proposal. In this way, the benefits to low income customers of the Comfort Partners Program will be maximized, while ensuring that utilities control key responsibilities of the program, which is an equitable solution to the extent utilities are also responsible for the performance of the Comfort Partners program.

Health and safety concerns have historically been a barrier to participation in the Comfort Partners Program by low-income customers. A significant portion of interested low income customers have health and safety conditions (*e.g.* asbestos, lead paint, mold, roof leaks, moisture in basement or crawlspaces, open sewer or drain lines, leaky plumbing, insect infestations) that are beyond the means of Comfort Partners budget. While Comfort Partners allows for the improvement of minor health and safety issues to ensure the completion of weatherization measures, program rules do not currently provide sufficient funding to tackle these more challenging and expensive conditions. It will be critical to expand future Comfort Partners budgets to allow these health and safety concerns to be addressed. Such an expansion, combined with inclusion of the Comfort Partners Program in the utilities' energy efficiency portfolios and budgets, will help to ensure the success of serving low income customers who participate in this program.

Additionally, SJG and ETG have been operating moderate income weatherization programs with great success for several years. SJG and ETG support an expansion of moderate income programs that would allow for automatic eligibility for specific geographic locations that have a high population of eligible customers and/or meet other policy priorities (*e.g.* census tract, Urban Enterprise Zones, Opportunity Zones, affordable housing and environmental justice communities). Such an expansion will further ensure that the moderate income market has a fair opportunity to participate in program offerings and experience the full benefits of energy efficiency.

SJG and ETG appreciate the opportunity to submit these comments and look forward to continued collaboration with all stakeholders to help facilitate the State's clean energy goals, while ensuring that New Jersey's most vulnerable citizens are not deprived of access to the benefits of energy efficiency.

Respectfully submitted,

Deborah M. Franco

Deborah M. Franco



Laurie Wiegand-Jackson
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May 15, 2020

VIA ELECTRONIC MAIL

Ms. Aida Camacho-Welch
Secretary of the New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Flr.
Trenton, New Jersey 08625-0350
energyefficiency@bpu.nj.gov

Re: Comments In the Matter of Equity in the Energy Efficiency Transition

Dear Secretary Camacho-Welch:

Utility Advantage, LLC (“Utility Advantage”) appreciates the opportunity to submit these written comments to the New Jersey Board of Public Utilities (“the Board” or “NJBPU”) on the subject of Equity in the Energy Efficiency Transition.

Utility Advantage is an energy consulting and services company that has operated in New Jersey since 2003. Utility Advantage provides services to commercial, industrial, institutional and government sector clients as well as residential customers through energy aggregation programs. Utility Advantage is a majority woman-owned business with its main office located in Salem County in South Jersey. Utility Advantage is a NJBPU registered Energy Consultant.

Our comments are focused mainly on the economic opportunities, benefits and the associated system changes to better allow minorities, low-income and small, minority owned disadvantaged businesses (“under-represented segments”) to fully participate in the energy efficiency transition with equity. Equity in the energy efficiency transition should consider not only providing a level

playing field but also addressing the barriers and lost opportunities of the past policies and processes that did not result in equality in these economic opportunities.

First, we are concerned with the lack of transparency and access to up-to-date data to effectively track the inclusion and performance of “under-represented segments” in employment and contracting opportunities resulting from these energy efficiency, peak demand reduction and related programs (“Programs”). With the significant annual expenditures expected to meet or exceed the electric and natural gas usage reduction targets set forth in P.L. 2018, C17 (C.48:3-87.8) (the “Act”), a report should be implemented on the employment and contracting of under-represented segments on an annual basis to include but not be limited to the number of employees by category and the number of contractors and contract volume (US Dollars) expenditures by category. The report should compare the participation levels in the Programs with the demographic analysis of its customer base or alternatively to the demographics of the entire state of New Jersey to assess the level of participation and equity in the economic opportunities and employment benefits of these Programs. Inclusion of this report as part of the Program’s quantitative performance indicators is recommended.

Second, we propose that a small business set-aside program, in line with the NJ Small Business Set Aside Program set forth in N.J.A.C. 17:13 and/or 17:14, be implemented in conjunction with the Energy Efficiency Transition. Minority and Women Owned Business Enterprises should be offered opportunities and given extra consideration to ensure equity in the Programs. By including a greater percentage of these businesses, you will increase the number of employees that are representative of the communities which are being served by the Programs and improve penetration into under-served Low and Moderate Income Communities as well as Minority and Women head of household residences.

In the state’s Energy Master Plan Section 6.2.3, it outlines the need to develop clean energy workforce opportunities and training programs. Section 6.4.1 cites the need to provide education and community outreach to low- and moderate-income and environmental justice communities to ensure inclusion in the clean energy future. Section 7 provides some detail on expanding the clean energy innovation economy to include workforce training and innovative financing to support in-state clean energy projects and technology development. Our third recommendation is to coordinate these Programs with the state’s Energy Master Plan initiatives, as well as the Economic Development Authority, Labor Department and other available resources, to provide training and capital to support the employment of low-to-moderate income, minority and women candidates as well as the development of small disadvantaged minority and women owned businesses to participate in the Programs.

When we drive consistent policies and procedures that support the businesses and employees that better represent the communities that are being served by these Programs, the participation rates and access to the Programs in the Low and Moderate Income communities will improve and the broad economic benefits of the Program will expand beyond the obvious facility upgrades and improvements and resulting bill savings and environmental benefits to include the substantial social and economic impacts of increased employment and better jobs in the community.

The last area of concern is somewhat different, but equally important. We are concerned about the lack of diversity in the energy industry overall and specifically the need for increased diversity and equity in NJ's utility companies and their vendors and subcontractors. To meet that objective, Utility Advantage proposes that some funding be set aside to support the inclusion and advancement of women in NJ's energy related industries. As the sector goes through a significant retirement phase of employees known as the "great crew change" we have an opportunity to develop and track performance of energy sector companies and their vendors in providing opportunities and advancement of women in their companies. In a recent study conducted by Foreign Policy's FP Analytics division entitled "Women as Levers of Change – Unleashing the Power of Women to Transform Male-Dominated Industries" it was reported that women make up only 24% of employees in electric and gas utilities. Additionally, women hold just 21% of management positions and 16% of board positions in these utilities. Increasing the role of women in these organizations will facilitate and accelerate change and innovation. We strongly encourage the NJ Board of Public Utilities and the NJ major investor-owned natural gas and electric utilities to prioritize resources for programs that will enable increased participation of women in the energy sector, such as the Council for Women in Energy & Environmental Leadership (CWEEL) and Women in Energy in addition to the utility's own initiatives. Further, establishing specific metrics and reporting requirements would be a great next step in driving diversity in these utility companies which are some of the state's largest employers.

Once again, Utility Advantage thanks the Board for considering these written comments regarding Equity in the Energy Efficiency Transition and looks forward to continuing to partner with the Board, the Governor's energy team and various stakeholders as New Jersey pursues its goal of achieving 100% clean energy.

Sincerely,



Laurie Wiegand-Jackson
President

May 15, 2020

New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Submitted via email: EnergyEfficiency@bpu.nj.gov

Re: New Jersey Energy Efficiency Transition, Equity in Energy Efficiency Written Comments

The undersigned organizations (“Commenters”) are pleased to submit these comments in response to the request from the New Jersey Board of Public Utilities (“BPU” or “Board”) for input regarding equity in the implementation of New Jersey’s current and future energy efficiency and peak demand programs.

Commenters represent organizations that operate in different spheres of energy efficiency policy, but we share a common belief that prioritizing equity in energy efficiency can serve as the foundation for a just and equitable transition to a carbon-free future. Energy efficiency does more than reduce customers’ consumption: well-designed programs can create safe homes, improve public health, reduce medical bills for homeowners, and generate the kind of sustained economic growth that rejuvenates communities and benefits the entire state.

For New Jersey to overcome the chronic inequities that persist in communities of low-to-moderate income residents, the BPU needs to address the current faults in the system and create programs that respond to these gaps. Specifically, Commenters believe the BPU needs to take the following steps:

1. Promptly Initiate the Creation of a Pilot Energy Efficiency Program that Incorporates a Whole-Home Approach and Unites Energy Efficiency, Public Health, and Climate Change and Resiliency Goals.
2. Establish a BPU Office Of Energy Equity to Lead BPU Efforts to Facilitate the Holistic Administration of Low-Income Programs and Remove Administrative Barriers to Participation.
3. Prioritize a Community-Centric Approach and Invest in a Local and Diverse Workforce.
4. Create a Permanent Equity Working Group to Inform the Implementation of Programs and Expand Upon Multi-Family, Middle-Income and Low-Income Plans in the Final Straw Proposal.

Introduction

In May 2018, New Jersey took two important actions to establish itself as a leader in clean energy. First, Governor Murphy signed Executive Order No. 28 (E.O.28), which directed the BPU in partnership with other State agencies to develop a comprehensive blueprint for the total conversion of the State’s energy production to 100% clean energy by 2050. Concurrently, the New Jersey Legislature passed and Governor Murphy signed the Clean Energy Act (“CEA”). As the State continued to blaze an ambitious path forward, the release of the 2019 Energy Master Plan (“EMP”) offered a concrete framework for these goals. Commenters hope that the suggestions outlined here will help to ensure equity is a priority as these ambitious goals are met.

Energy efficiency is one of the cheapest, quickest, and most effective ways for New Jersey to meet its goals and obligations under the CEA, EMP, and Global Warming Response Act (“GWRA”). Energy efficiency programs can provide the most benefit to communities affected by pollution and climate change by making foundational changes to energy consumption and demand.¹ By reducing a consumer’s need for energy, energy efficiency reduces the fuels burned in communities, cutting back on air pollutants and greenhouse gases through the simple act of lowering energy demand.² These changes improve the air quality for both the community and state at large. Moreover, investments in energy efficiency will create a thriving local workforce of jobs that cannot be outsourced while lowering energy costs for New Jersey’s residents and businesses.

1. Promptly Initiate the Creation of a Pilot Energy Efficiency Program that Incorporates a Whole-Home Approach and Unites Energy Efficiency, Public Health, and Climate Change and Resiliency Goals.

A program that incorporates a whole-home approach with dedicated funding to fix homes with health, safety, or structural issues will allow all New Jersey residents to participate in energy efficiency and clean energy programs. Residents with low incomes face heightened barriers to participate in energy efficiency and other state-offered programs when necessary home improvements are financially out of reach. Structurally-deficient homes not only prevent participation in current program offerings, but also use disproportionality more energy. The resulting system forces people who have the least resources to pay the most for their energy bills, with no avenue of redress.

¹ Steven Nadel and Lowell Ungar, Halfway There: Energy Efficiency Can Cut Energy Use and Greenhouse Gas Emission in Half by 2050, September 2019, American Council for an Energy-Efficient Economy. Available at <https://aceee.org/research-report/u1907>.

² Steven Nadel and Lowell Ungar, Halfway There: Energy Efficiency Can Cut Energy Use and Greenhouse Gas Emission in Half by 2050, September 2019, American Council for an Energy-Efficient Economy. Available at <https://aceee.org/research-report/u1907>.

Beyond bearing financial and health ramifications for New Jersey residents, these issues undercut clean energy workforce development efforts. With a goal of creating job opportunities and encouraging economic growth within low-income communities, Isles, Inc. has trained over 570 workers under the Building Performance Institute Certification. Yet poor housing conditions often force these workers to walk away from jobs. These obstacles, often beyond their control, undermine their investment to gain new skillsets and improve their socioeconomic position.

New Jersey, while leading the charge to a clean energy future, lacks the programs and the program management systems required to resolve this level of inequity. If the BPU creates a more comprehensive system to address these issues, the State will achieve a better return on investment through a more deliberate use of funding, healthier families, and economic revitalization.³ Additionally, the State would ensure that every resident could participate and benefit from the cost-saving state- and utility-run energy efficiency programs yielded by the mandates of the Clean Energy Act.⁴ This approach will have the added advantage of addressing households on the cusp of income qualification – often referred to as the working poor and other households who may earn marginally above any arbitrary income threshold but for whom energy costs represent a disproportionate burden competing with food, health and shelter needs.

Studies done as part of the Energy Master Plan Process show that a whole-home energy efficiency approach provides benefits beyond reduced energy bills. Homes lacking proper weatherization features create health problems for inhabitants during extreme heat or cold.⁵ Structural upgrades and reductions in energy consumption can undo these harms and create safe homes, better indoor air quality, and improvements to physical and mental health.⁶ The BPU can swiftly manifest these benefits by launching a pilot energy efficiency program built around whole-home approach with dedicated funding to fix health, safety, and structural issues. This program should look to unite energy efficiency, clean energy, and other program targets to

³ ACEEE, Making Health Count, available at: <https://www.aceee.org/sites/default/files/pdfs/h2001.pdf>. (“If existing weatherization programs targeted four common health risks—asthma, falls, and exposure to extreme heat or cold—they could save more than \$228 million due to avoided health harms. Those savings could reach \$2.9 billion over 10 years.”)

⁴ Herb, J. and M. Kaplan. 2019. Field Notes: Equity & State Climate Policy. Prepared for the RGGI Project Series: The Environmental Analysis & Communications Group, Rutgers University Bloustein School of Planning and Public Policy, and the Rutgers Climate Institute.

⁵ Improvements can also significantly reduce medical costs for low-income home owners by mitigating issues within the home that can impact individuals with respiratory and other chronic health conditions. Vermont Department of Health, Health and Climate Change Co-Benefits of Home Weatherization in Vermont. December 2018. Available at <https://www.healthvermont.gov/environment/reports>; Sara Hayes, Cassandra Kubes and Christine Gerbode, Making Health Count, May 2020, American Council for an Energy-Efficient Economy. Available at <https://www.aceee.org/research-report/h2001>.

⁶ Karen W. Lowrie and Leigh Ann Von Hagen, The New Jersey Draft Energy Master Plan: Opportunities to Integrate Health and Health Equity, Bloustein School of Planning and Public Research, September 16, 2019, available at <http://eac.rutgers.edu/wp-content/uploads/EMP-HIA-1.pdf>.

repair homes in low-income communities, including lead remediation and other home improvement programs currently implemented by community organizations such as Isles, Inc.

While funding for structural upgrades can be difficult to obtain, one solution suggested by some Commenters in other forums would be to utilize RGGI funds to close these gaps.⁷ On the statewide-level, the BPU can use this opportunity to bring together funding from multiple programs to ensure that what is covered can be, and also look to alternative means to fill gaps that have not traditionally been addressed.

2. Establish a BPU Office Of Energy Equity to Lead BPU Efforts to Facilitate the Holistic Administration of Low-Income Programs and Remove Administrative Barriers to Participation.

Equity issues stem not just from program design, but delivery and coordination of government agencies. Therefore, Commenters believe that the BPU should lead efforts to facilitate the holistic administration of low-income programs and work to remove longtime administrative barriers to participation that have prevented residents from utilizing available programs.

i. The BPU should lead State efforts to facilitate the holistic administration of low-income programs to support the whole home program and other equity efforts through establishing a BPU Office of Energy Equity.

Establishing a group of individuals dedicated to these efforts would truly prioritize equity in programs funded and/or administered by the BPU and other related state programs. Such an office would streamline agency collaborations on projects, facilitate holistic administration of energy programs, and ensure access to all programs for low-income NJ residents.

The Office should unify efforts among the Department of Environmental Protection, Economic Development Authority, Department of Health, and other agencies that work in the low-income space. Integrating programs will lessen the burden on residents to participate in each and streamline vital services. For example, working with the Department of Health, the BPU could consider the health impacts of energy efficiency and renewable energy programs, providing a public health perspective on new and existing energy programs.

In making this request, we are mindful of the constraints on hiring new personnel and the enormous workload being carried by the current BPU staff. However, it is critical that the BPU and NJ Government respond proactively to equity concerns. The BPU is poised to issue guidance

⁷ Commenters hereby incorporate these comments by reference.

on utility energy efficiency programs, and it would be prudent to swiftly authorize a group to identify and resolve issues with the programs from start to finish. Some Commenters signed on to this letter have advanced legislation that would sanction the creation of such an office, identify funding for its mandate, and establish an initial pilot program integrating energy efficiency and clean energy.⁸

ii. The BPU, along with other New Jersey agencies, should change qualifications for low- and middle-income programs to remove administrative barriers to participation.

Currently, program qualification is determined on an individual basis, with unrealistically low requirements and mandatory documentation that is difficult to gather. To address poor housing stock and the energy needs of New Jersey's low-income communities, the State needs to shift its approach from assessing people to assessing places. By focusing on places instead of documentation and people, the State can increase services to more residents and ensure funding is funneled to the low-income communities who need it the most. To streamline these programs, Commenters recommend the BPU:

- *Reduce documentation requirements for programs.* Locating and producing the documents required by state programs can impose up-front costs to would-be participants, such as an expensive day off work, and represents an unnecessary intrusion into their personal lives.
- *Remove income qualifiers from all programs and replace them with census tracts and opportunity zones.* Current income qualifications are set unreasonably low and prevent households that desperately need remediation from being eligible for programs. The bottom line is: no matter who lives in the home, housing conditions remain poor and unlivable. Replacing income requirements with census tracts and eligibility zones will translate to investment in the communities that can benefit the most.
- *Make eligibility criteria universal throughout all health, safety, and energy efficiency programs.* Low-income programs should have universal criteria for the state of New Jersey. It is not only better for the residents, as it removes administrative barriers to participation, but is more effective in delivery of programs across all state agencies, as it incorporates siloed programs and simplifies cumbersome administrative processes.

⁸ The NJ Clean Energy Equity Act, S. 2484, was introduced in the New Jersey on May 15, 2020 by Senator Troy Singleton. Text of the Act can be found at https://www.njleg.state.nj.us/2020/Bills/S2500/2484_11.PDF.

3. Prioritize a Community-Centric Approach and Invest in a Local and Diverse Workforce.

Low-income energy efficiency programs should focus on improving places, not people, using a community-centric approach to implementation of energy efficiency programs and workforce development.

Prioritizing the kinds of programs that are embedded into people's daily lives, such as those that provide education in schools and at community centers, interact with local businesses, and offer benefits for every home no matter who the residents are, can change the perception of these programs and increase awareness about them. Additionally, with this approach, energy efficiency and clean energy programs can generate trust by collaborating with community-based groups, contracting with local businesses, training residents, and pursuing broad participation in energy efficiency and clean energy programs.

Another important aspect of the community-based approach should be the cultivation of a local workforce so that all New Jerseyans can benefit from the imminent growth of the energy efficiency industry. The energy efficiency workforce is fast-growing and reliable, and as New Jersey stands up programs across the state, it should look to its communities to train these workers and contract business. The latest U.S. Energy and Employment Report found a total of 2,378,893 Americans were employed in energy efficiency in 2019, putting it among the largest employers across all energy sectors.⁹ Even in times of economic downturn, energy efficiency has provided reliable jobs. In 2009, the American Recovery & Reinvestment Act included a boost to the Clean Energy Economy that brought 900,000 job years.¹⁰

To ensure equitable access to economic benefits and job opportunities in energy efficiency and clean energy programs, Commenters encourage the BPU to incorporate the following policies:

- Collaborate with other agencies or private organizations to make certifications and other trainings available to community members so they can work toward stable employment in positions with growth opportunity.
- To the extent possible, work with the utilities to provide clear and identifiable paths of employment and job growth opportunities.

⁹ 2020 U.S. Energy and Employment Report, Available at <https://static1.squarespace.com/static/5a98cf80ec4eb7c5cd928c61/t/5e780f28e8ff44374c2db945/1584926525529/USEER+2020+5year.pdf>.

¹⁰ Fact Sheet: The Recovery Act Made The Largest Single Investment In Clean Energy In History, Driving The Deployment Of Clean Energy, Promoting Energy Efficiency, And Supporting Manufacturing, White House, available at: <https://obamawhitehouse.archives.gov/the-press-office/2016/02/25/fact-sheet-recovery-act-made-largest-single-investment-clean-energy>. (“The funding reached nearly every aspect of the value chain for numerous key clean energy technologies, including advanced vehicles, batteries, carbon capture and sequestration, and technologies to enhance energy efficiency. These investments were a down payment toward an innovative sustainable 21st century clean economy and helped the country take a large step forward to reducing fossil fuel consumption and reducing carbon pollution.”)

- Coordinate with community centers, high schools, and community and state colleges to start training programs that can be implemented quickly, as a large workforce will be required to ensure EE programs are successful.
- Put policies in place that ensure equitable access to contracting opportunities for local businesses and prioritize hiring locally.
- Require that programs accommodate the needs of all types of residents, including women, single parents, minorities, and other underserved populations.

4. Create a Permanent Equity Working Group to Inform the Implementation of Programs and Expand Upon Multi-Family, Middle-Income and Low-Income Plans in the Final Straw Proposal.

As the BPU moves into the next steps of implementing the energy efficiency mandates of the Clean Energy Act, it is vital that the agency take steps now to ensure equity is a priority. Importantly, Commenters believe that the BPU should create a permanent Equity Working group and incorporate additional policies that will expand the reach of utility energy efficiency plans.

i. Create a permanent Equity Working Group as a sub-group of the EEAG composed of stakeholders with specific knowledge of these communities and energy efficiency policies and priorities, akin to the Connecticut Low-Income Energy Advisory Board.

Similar to the equity working group panel, stakeholders should include: community advocates, utilities, nonprofits, businesses, program evaluators, and staff. The sub group should monitor programs in sectors beyond those specifically targeted to Low-Income and Multifamily groups to ensure all aspects of the energy efficiency programs pursue broader objectives around equity in their process and outcomes. Such a working group could identify state policies and EE program integration issues that will impact these communities as well as potential avenues to mitigate them.

The BPU and utilities should make data and metrics to track programs accessible to the Group to empower them to better review the success and implementation of programs. This information should allow interested stakeholders to verify whether the programs are accomplishing their goals and addressing issues in administration, and should further hold utilities accountable for their programs and spending. Additionally, stakeholders can offer insight to specific needs of these communities and better monitor and offer input for programs that are tailored to them. The regular collecting and reviewing of data will create a better feedback loop to improve program performance.

In addition to the working group, The BPU should directly engage more Low- and Moderate-Income stakeholders in public input proceedings. To ensure that the State hears from LMI voices, the group should consider varying hours and formats and providing more advance notice to enable meaningful participation.

ii. Enact policies for utility energy efficiency programs that prioritize equity in program design and hold parties accountable for program implementation.

Commenters believe that low-income programs, as well as multi-family and moderate-income programs, should be utility-run with government oversight to protect funding, promote innovation and flexibility in implementation, and allow for diverse program portfolios. The current mechanism through which the BPU operates Comfort Partners will likely serve as a good model for oversight and implementation.

With BPU oversight, Utility-run low-income programs will enable utilities to take risks and be more innovative with the creation of pilot and demonstration programs. Such freedom could lead to better programs for each territory. Utilities can draw from past experience with customers to design programs, and furthermore can use marketplace and HERs data to engage customers and target or design programs that better suit their needs. Also, utilities are best situated to scale or duplicate successful models, and can offer financing on bill repayment or other financial products for customers.

Utility programs offer protections that may not be available with BPU-run programs. Provided with appropriate oversight, utility-run programs maintain funding levels for low-income programs; that funding cannot be diverted unless sanctioned by the BPU. Additionally, if a program is under-performing or needs administrative changes, the utility business structure is capable of swifter action than government.

Finally, the BPU can use their oversight to create innovative policies designed to address faults in current program designs. This includes program design, evaluations, metrics, and other tools for monitoring the success of the programs. To ensure that low-income, multifamily, and moderate income sectors are served equally in this first round of utilities energy efficiency filings under the Clean Energy Act, Commenters suggest the BPU pursue the following policies:

- Exempt Comfort Partners, Multifamily, and other low-income and moderate-income programs from any cost-effectiveness tests that don't account for the health and safety benefits offered by the programs.
- Mandate that programs available to these communities offer a balance between deep measures that can target a few individuals or whole buildings and lighter measures that can target full communities.

- Create a carveout for Low-Income and Multifamily sector Programs whether it be a percent of savings or percent of spending.
- Continue and expand deployment of add-on or bonus incentives targeted specifically at encouraging participation by affordable housing property owners and developers, as well as for projects that embrace innovation to achieve performance levels that approach true net zero energy or “zero utility bill” housing.
- Create policies or provisions designed specifically to address the split incentive and other barriers to entry characteristic of the multifamily rental market.¹¹
- Require Utilities to Present additional programs outside of Comfort Partners to target other needs in these communities and begin engagement.
 - For Multifamily, the BPU can look to PSE&G’s award-winning Multi-Family Retrofit program as a model to quickly stand up multifamily programs in other utility territories.
 - To engage a wide consumer base, and start to learn more about consumers, utilities can utilize Home Energy Reports (“HERs”). HERs can be used to identify consumers to target and adapt programs and create less expensive, but more expansive behavioral programs with time-of-use rates
 - For education and engagement, utilities can pursue partnerships for certain programs or educational or marketing outreach can be created with local schools and community centers.
- Ensure Low-income households and programs targeted to them are differentiated from general LMI households since each face specific challenges.

Conclusion

Thank you for your time and consideration. If you have any additional questions or would like to follow up on the ideas presented in this letter feel free to reach out to Erin Cosgrove, esq., of the Energy Efficiency Alliance of New Jersey at ecosgrove@eeaofnj.org and Kate Miguel of Isles Inc. at kmiguel@isles.org.

Sincerely,

¹¹ One sample of such a program exists in Connecticut. In partnership with the state Department of Housing and its Housing Finance Authority, the Connecticut Green Bank now requires low-income multifamily property owners to apply for energy efficiency incentives before seeking low-income tax credits. The state reports that the program has been transformative in the multifamily market with funded projects achieving energy savings of up to almost 40%.

Erin Cosgrove, esq.
Energy Efficiency Alliance of New Jersey

Katharina Miguel
Isles Inc.

Beth Galanti
PosiGen Solar

Doug O'Malley
Environment New Jersey

Dan Quinlan
Healthcare Without Harm

William Amann, P.E., DCEP, LEED
US Green Building Council-NJ

Richard Lawton
New Jersey Sustainable Business Council

Ed Potosnak
New Jersey League of Conservation Voters

Emma Horst-Martz
New Jersey PIRG

Mary Barber
Environmental Defense Fund

Pari Kasotia
Vote Solar Action Fund

Donna Blaze
Affordable Housing Alliance

Rev. Ronald Tuff
GreenFaith

Dr. Nicky Sheats, esq.
New Jersey Environmental Justice Alliance



VIA ELECTRONIC MAIL (energyefficiency@bpu.nj.gov)

May 15, 2020

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

**Re: IN THE MATTER OF THE IMPLEMENTATION OF P.L. 2018, c. 17
REGARDING THE ESTABLISHMENT OF ENERGY EFFICIENCY
AND PEAK DEMAND REDUCTION PROGRAMS
DOCKET No. QO19010040**

Dear Secretary Camacho-Welch:

New Jersey Natural Gas Company (“NJNG”) is pleased to share our thoughts on Equity in Energy Efficiency as requested in the Board of Public Utilities’ (“BPU”) April 27, 2020 Public Notice. NJNG has been an active participant through this proceeding focused on the implementation of P.L. 2018, c. 17 regarding the establishment of energy efficiency and peak demand reduction programs (“Clean Energy Act”). NJNG was pleased to have Maria Delaplain serve as a panelist at the May 4, 2020 public meeting on this topic. Through this letter, NJNG would like to share some additional thoughts on these important issues.

While NJNG is incredibly proud of the teamwork demonstrated by the utilities in delivering the New Jersey’s Clean Energy Program (“NJCEP”) Comfort Partners program, we recognize that there is more work that can be done to ensure more low- and moderate-income customers participate in energy efficiency programs. Through our experience in the Comfort Partners program, NJNG knows that a significant portion of interested low income customers have health and safety conditions (e.g. asbestos, lead paint, mold, roof leaks, moisture in basement or crawlspaces, open sewer or drain lines, leaky plumbing, insect infestations) that are beyond the means of energy efficiency budgets. While Comfort Partners allows for the improvement of minor health and safety issues to ensure the completion of weatherization

measures, program rules do not provide sufficient funding to tackle these more challenging and expensive conditions. The Board can lead the exploration of other funding sources in coordination with other state agencies like the Department of Health, the Department of Community Affairs (“DCA”), and the Department of Human Services. As an example, the current Memorandum of Understanding between DCA and the NJCEP Comfort Partners program allows for additional funding and other unique opportunities to address building shell for customers that would have not been served by either of the two programs, due to the serious health and safety barriers, and other challenges that their homes present. We recognize other stakeholders in this proceeding have suggested even further advancements that coordinate funding sources and potentially streamline the application and participation process. We support consideration of further integration where it can minimize the administrative burden and provide a broader range of services to customers and look forward to participating in future discussions on this idea.

Additionally, many low-income customers are renters which makes it challenging for these customers to participate in Comfort Partners because currently the program requires the landlord to consent to work being done. It would be helpful if Comfort Partners could have more flexibility to work with landlords and make them more interested in participating (e.g., access to free energy savings measures similar to approach in Vermont and Maryland).

NJNG also recognizes that more can be done to make customers aware of the resources. Currently, NJNG conducts outreach throughout the year to educate customers about the availability of both energy assistance and energy efficiency programs. Our call center representatives share information about these resources when customers call in expressing concern about paying the bills. We also take our outreach on the road by hosting dozens of Energy Assistance days that allow customers to learn about and apply for assistance in person at local community locations. NJNG also provides tailored recommendations for low income customers that are participating in our behavioral energy savings program. Those reports help customers have a better understanding of their energy usage, provide energy conservation tips and highlight both the Comfort Partners program and energy efficiency resources.

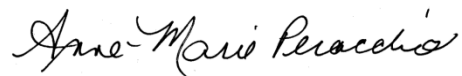
We believe there are more opportunities to partner with local community organizations to help with outreach. For more than a year NJNG has partnered with food banks in our service territory to distribute free energy conservation kits to food pantry clients. These kits can provide immediate energy savings through LED light bulbs, weatherization items and energy saving tips. More importantly, they provide critical information about the broad range of energy assistance programs that New Jersey offers and the NJCEP Comfort Partners programs. Participation in these programs will make energy bills more affordable for our most vulnerable customers. We designed our program to record the account number of participating customers so we will be able to assess their participation in these other programs and pursue continued

outreach to these customers to ensure they avail themselves of the strong safety net that NJ has established.

Additionally, we must expand resources to help moderate income customers. As noted in other phases of this proceeding, NJNG is confident that on-bill repayment programs are an effective tool in helping to make energy efficiency investments more accessible for residential customers. They can be structured in a way to avoid excluding customers that may not pass traditional credit screening criteria. NJNG's approach of considering utility payment history and lack of recent bankruptcies is also incredibly helpful from an outreach perspective because customers can easily sense whether they should pass the eligibility test and contractors can easily convey those requirements to customers. For moderate income customers, the financing term can be adjusted to make repayments more affordable. We believe this approach is already working. Currently, moderate income customers account for nearly 25% of our open projects within our SAVEGREEN Project.

NJNG appreciates the opportunity to provide comments on these topics. We look forward to working with the Board and other stakeholders as the State considers how to restructure the approach to energy efficiency as to enable the utilities to reach the aggressive clean energy goals established by Governor Murphy's administration. Please feel free to contact me if you need any additional information regarding these issues.

Respectfully submitted,



Anne-Marie Peracchio
Director- Conservation and Clean Energy



Memorandum

To: Secretary, New Jersey Board of Public Utilities, EnergyEfficiency@bpu.nj.gov

From: Jeremy Newberger, Toben Galvin, Neil Curtis, Guidehouse

Date: May 15, 2020

Re: New Jersey Board of Public Utilities Equity in Energy Efficiency Working Group Meeting as part of the New Jersey Energy Efficiency Transition

On May 4, 2020 the New Jersey Board of Public Utilities conducted a workshop on reducing the barriers to participation in energy efficiency programs for low to moderate income (LMI) households. The removal of barriers for low- and moderate-income (LMI) customers to enable their participation in energy efficiency programs is critical for equity consideration as well as the overall success of the energy efficiency effort.

Guidehouse is a leading global consulting firm, of over 7,000 employees, and more than 700 employees in the energy practice, with a focus on helping clients to achieve clean energy transformation goals. We have extensive experience with energy efficiency (EE) program design, evaluation, and implementation support across the Northeast and the United States.

Based on our experience in energy efficiency program design across the Northeast, both from consulting engagements as well as working directly for utility program administrators and regulatory agencies, we have the following comments about the design and implementation of LMI programs that could help with the objective of removing barriers to participation.

In general, **it is our observation that a successful LMI program will be one that looks the most like a non-LMI residential program.** Creating program silos creates program delivery inefficiencies and needlessly complicates the customer experience. This can be observed across several different program dimensions related to program design and outreach.

Program Design

A key element of LMI program design is that measures offered and delivery should be the same to all customers. Program outreach strategies, eligibility thresholds, budgets and incentive levels should be tailored to each income strata, designed to achieve desired equity goals. For example, in a multifamily building, where some tenants are LMI and some are not, the same program elements should be delivered to all tenants, preferably by the same entity, to optimize delivery costs. In this case, it would be the responsibility of the "back office" to allocate incentives, costs and savings to different income strata.

Specifically for New Jersey, the approach in the BPU's March 20th, 2020 Straw Proposal is to have utilities administer the majority of the residential programs, consistent with the approach in many other leading states. The BPU should consider integrating the LMI program with the larger residential portfolio under direct utility administration, to provide consistency for customers within utility service territories and synergies between LMI and broader residential programs.

There should be coordinated and streamlined delivery of services. Relying on agencies with existing relationships with the LMI population to be the delivery agent may not optimize EE; instead, those

relationships should be leveraged and coordinated to identify potential income eligible participants and promote the program's benefits. In addition, reflecting current health concerns and protocols, program administrators should be encouraged to provide virtual service delivery wherever possible to effectively educate and assist households identify opportunities and solutions.

From a cost effectiveness perspective, studies in other jurisdictions have focused on identifying benefits that accrue only to the LMI population and, in some instances, have been criticized for "putting the thumb on the scale" and inventing benefits. Resolving these issues has slowed the growth of LMI programs. From an equity standpoint, it would be better to say that a benefit – such as the health impacts of weatherization – is available for all customers and then determine what the value of the benefit is for different customer segments.

Several panelists on the May 4 workshop discussed landlord/tenant issues: that landlords often do not have an incentive to invest in EE in tenant spaces. We agree and recommend that LMI programs should create incentives for landlords so that tenant efficiency improvements can go forward. These incentives may include increased measure rebates, bundling in-unit measures with common area measures, and enhanced project management offerings to manage tenant communications and project scheduling.

Outreach

In general, outreach and recruitment should be designed to be as flexible and sensitive as possible to remove barriers and increase participation. Starting with outreach, in many instances, LMI communities may include people who are not fluent in English. Having neighborhood ambassadors and/or community organizations who speak the language of the target population and can vouch for the program would be a plus and can help overcome language and cultural barriers.

Eligibility for energy efficiency programs and services should be clearly defined and easy to apply. Other social service programs that serve the LMI population have their own eligibility requirements, which might be convenient to adopt, but applying them to EE may not be the best for EE (e.g., using federal LIHEAP eligibility criteria vs. being on a LI rate). We have seen some LMI programs set income eligibility (such as 80% of median income) to meet regulatory equity requirements, and then approve eligibility if the customer is enrolled in social service programs with slightly different eligibility guidelines (LIHEAP for example).

Once a customer expresses interest, programs need to overcome schedule constraints. Income eligible households can be very busy, often juggling multiple jobs, kids, childcare, pets, etc. When in-person efficiency services resume, programs will be more successful if they offer non-traditional times for audits and can proactively promote their services as sensitive to kids and pets.

Finally, we're in a pandemic and the full economic impact has yet to be determined. There will be more eligible customers and many more households may have more time on their hands to call their utility program. Utilities would be well served by creating and leveraging pandemic relief services to assist meeting their regulatory income eligible savings requirements. Together, they could align and explain program eligibility requirements to meet recently laid-off workers' situations. While doing so, it will be vital to be sensitive to households who have not viewed themselves as income eligible historically and may not be comfortable doing so now.

Dear Secretary Camacho,

Below are my comments regarding the Energy Efficiency Transition Equity Workgroup.

Yours truly,

Jeanne Fox

jeanne.fox52@gmail.com

973-271-0500

The Clean Energy Act of 2018 requires each utility to establish energy efficiency (EE) programs to reduce the use of electricity and natural gas with specified annual reductions. The good news for the State of New Jersey and her residents is that the Board of Public Utilities (BPU) will soon adopt an "electric energy efficiency program... to ensure investment in cost-effective energy efficiency measures, ensure universal access to energy efficiency measures, and serve the needs of low-income communities." And the Board quite properly established a Clean Energy Program (CEP) Energy Efficiency Transition Equity Work Group. My sincere thanks to you for making these communities a Board priority and for working to do what's fair and equitable.

The CEP staff organized a May 4th tele-meeting on this important topic in which I participated. I commend the Board and its Clean Energy Division for organizing such an informative session. While the demographic study was sufficient, it appeared to consider only general national demographic data which it then applied to New Jersey. The study does not appear to analyze New Jersey and our uniquely diverse population. New Jersey specific data would have been much more helpful. Stakeholders would like to see the results of the demographic studies so that we can comment on what is the best path forward.

The first panel clearly laid out the current CEP EE programs for a good overview of what exists which includes commendable third party entities that currently provide energy efficiency programs to Low Minority Income communities (LMI). The Governor, The Energy Master Plan as well as numerous BPU Orders and Staff Straw Proposals clearly lay out their concern for our LMI and Environmental Justice communities. Currently 14 different nonprofit entities provide LMI weatherization programs in our 21 counties. The Board should ensure that each of these organizations are providing similar services so that the New Jersey Clean

Energy Program's Energy Efficiency Program can be marketed state-wide. There should be one uniform state-wide "brand."

The second panel was excellent in that it discussed many EE barriers as well as possible solutions for those barriers. The suggestion of utilizing Census Tracts to target LMI appears to be an effective and efficient way to provide EE. The utilities should identify the most congested areas in their franchise area so that those Census Tracts would be targeted for EE first. This would help all customers by helping to lower peak demand. And, as is often done by the BPU with new regulatory programs, the Board should consider initially utilizing pilots in this matter. I also commend to you the AARP's recommendation for a "pay as you save" program. In that way, customers will have no out of pocket expenses so that EE will be an acceptable economic decision for them.

I recommend that the utilities put out bids for third party contractors to conduct whole building EE approaches - energy audits followed by EE installations. I discussed this at a bit more length in my comments to the EE Straw. To be most energy effective and efficient the BPU really needs to establish the whole building approach model combining EE, solar and other clean energy technologies such as energy storage. This should be done for all customer classes - residential as well as commercial and industrial. For instance, EE should fit within the future Community Solar program. And, as several of us have urged over the last several years, any home constructed before 1979 should, at the same time, be remediated for lead-based paint. Thus, a procedure needs to be established between the BPU and DEP and to efficiently coordinate and implement a joint EE/lead paint program which would use the same contractor. DCA should also be included so that the various weatherization programs are fully coordinated with this whole building approach. I discussed this as well in my earlier comments on the EE Straw. These homes should also be evaluated to determine, if rooftop solar is feasible. And, if feasible, these customers should be given educational materials and be recommended to third party PV installers. Some entities are already conducting EE and/or solar and/or energy storage, such as PosiGen, Energize Delaware and Sunrun. Energize Delaware is a self-funded nonprofit who - at no cost to taxpayers or ratepayers - uses a whole building EE approach with energy audits, EE upgrades and solar leasing with low-interest loans or grants for LMI homes and multifamily housing. PosiGen, who has been successful in Louisiana and in Connecticut, also pairs EE with Solar PV, conducts LMI whole house energy audits and provides mostly solar leasing (some ownerships). For residential customers Sunrun works in a number of states where it combines solar with energy battery storage with flexible financing. All of these

options should be allowed and also encouraged. Likely pilots should be done by the electric distribution companies so that the Board can later evaluate their success and effectiveness.

The EE Straw Proposal requires the Board to:

- "achieve and enforce energy savings targets for public electric and gas utilities which reduce consumption" with "cost-effective energy savings over the long term;"
- "provide equitable access to energy efficiency and peak demand opportunities to all of New Jersey's ratepayers, with a special focus on equity for low income residents;"
- "Implement energy efficiency programs that are simple and consistent statewide;" and
- "Establish energy efficiency programs that are cost-effective, and ensure that implementation of the energy efficiency transition is protective of the ratepayer."

To be "protective" of all ratepayers, the BPU should not allow utilities to actually implement EE in homes and then to rate-base these costs. Given their inherent conflicts, at a minimum, they should be required to do competitive third party bidding for comprehensive EE programs in their franchise areas. The three entities that I mentioned above conduct their work at no additional cost to ratepayers. Because New Jersey is rightly recognized as a high cost electricity state, the BPU should take whatever steps it can to NOT increase their costs via rate-basing. One Staff Straw principal states that "programs that rely heavily on the use of contractors are generally best handled at the utility level where the utility can build stronger relationships and take on co-branded advertising and marketing efforts." I don't necessary concur in that opinion - I think that this could actually be done more cost effectively at the State level. However, if the Board desires to accept this staff principle, the utilities bidding out competitive contracts to third parties rather than conducting the work themselves would still be more cost effective for all ratepayers. And, please note that third party administrators that utilities often use, add significant additional costs/complexities/delays that prevent both market development as well as maximization of customer demand reduction. Moving from deemed savings to metered demand reduction measurements would certainly improve results as well. As I have commented previously, I believe that full "decoupling" would be a disaster, particularly for low income communities.

While the electric distribution companies would be “loosing” revenue from EE, they will certainly be increasing revenues as we move forward with electrification of vehicles and buildings. As we all know, just one electric vehicle uses approximately half as much electricity as a normal home.

Finally, the BPU should consider if and how third party aggregators might be able to be utilized to make EE more financially beneficial in the PJM market. This might be done together with other neighboring states.

In conclusion, certainly concur with the principle that "Programs for which there are important equity considerations are best handled at the State level or co-managed so that differences in demographics among utilities do not impact equitable access to service."



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May 15, 2020

RE: Enervee comments on Equity in Energy Efficiency

VIA ELECTRONIC FILING

Enervee Comments:

Enervee appreciates the opportunity to provide input to The New Jersey Board of Public Utilities regarding New Jersey's energy efficiency transition on the topic of equity in energy efficiency, subsequent to the Equity Working Group meeting held on Monday, May 4, 2020. Enervee has deployed data-driven, customer facing choice engine driven marketplaces on behalf of 18 major utility clients nationwide serving over 30 million residential customers. These sites empower consumers to make better energy-related buying decisions, spanning efficient products, solar and electric vehicles.

A key component of a comprehensive strategy to address equity is to augment current low and moderate income efficiency programs with a retail product channel offering, capitalizing on high levels of smart phone use and modern shopping habits. Such a program could be delivered as part of a decentralized, statewide utility marketplace proposal in the New Jersey Utilities Straw Plan. Enervee addressed the structure and benefits of a decentralized, statewide utility marketplace, and the Enervee choice engine marketplace in our April 13, 2020 testimony on the New Jersey Energy Efficiency Transition – Full Straw Proposal (attached.)

Importance of addressing plug loads:

It is important to note that plug loads are responsible for 40%–50% of residential electricity bills regardless of income level, and are the most rapidly growing source of electricity demand not comprehensively covered by existing programs. Plug loads are relevant for income-constrained renters, homeowners, and multi-family building owners. Advanced, on-line digital platforms are

key to a plug load market transformation strategy and have proven their ability to make markets work better for consumers and nudge shoppers towards better buying decisions.

A focus on addressing plug loads with a retail product approach would be well aligned with forward- looking strategies in the Straw Plan calling for market transformation and equity in energy efficiency, and represents a real opportunity to capture a greater share of economic potential cost- effectively at scale. So what would a market-based program to empower low-income households to shop energy-smart look like? One model would be to leverage online the decentralized online marketplaces as recommended in the New Jersey Straw Proposal. These marketplaces, done right, are sophisticated “choice engines” (see Enervee 4/13/20 testimony attached) that rely on analytics to turn product market data and personal information into tools that allow consumers to shop according to their ambition to purchase efficient products for their homes that will save them money on their energy bills – without them having to learn about kWh, therms and efficiency metrics.

Overcoming equity barriers in energy efficiency:

Online choice engine driven marketplaces are well placed to overcome barriers and drive efficiency among low-income customers and disadvantaged communities. There is great potential to deliver benefits to low-income households, the energy system, and society at large – by implementing digital, market-based programs that incentivize super-efficient product purchases and nudge consumers towards them. Taking a customer-centric approach and implementing new low-income program interventions that leverage choice engine marketplaces – and the consumer product market intelligence and behavioral insights they generate – should be a key strategy to drive low-income energy efficiency¹.

Online marketplaces and related digital marketing efforts have some distinct advantages when trying to reach disadvantaged or other hard-to-reach communities, including the ability to connect with low income households as they are researching product purchases online. In addition, the all-digital platform supports:

- Energy efficiency support for all low-income customers;
- Consumer choice and convenience by tapping into existing retail channels;
- Special incentives for income-qualified households/geographies;
- Instant online point-of-sale discounts to overcome the up-front purchase price barrier to early replacement;

¹ Links to Enervee Blog:

<https://blog.enervee.com/equity-and-energy-efficiency-458a401c896d>

<https://blog.enervee.com/a-new-take-on-affordable-energy-849d52dea1f6>

- Targeted digital marketing to support higher incentives for super-efficient consumer products, such as room AC, so that direct install is not the only option to deliver low-income programs:
- Private investment by low-income households into more efficient products — even without incentives. By making efficiency visible and providing personalized energy bill savings and total cost of ownership information, the added market transparency and lowering of search costs drives more efficient choices.

Choice engine driven marketplaces eliminate the most fundamental and previously intractable barrier to private investment into efficient products – lack of transparency – by making efficiency visible by providing an energy efficiency score and total cost of ownership of product choices. Since many resource-consuming devices are not included in existing direct-install or rebate programs, it is important to give low-income households the tools they need to make smart purchasing decisions on their own, considering both up-front purchase price and operating costs. With very few exceptions, there are super-efficient products available on the market with a total cost of ownership less than the average of all models on the market. Finding the proverbial “needle in the haystack” used to be a nearly impossible task, but choice engine driven online marketplaces simplify the search for affordable and efficient products — some of which can save enough energy over the lifetime of the product to pay for themselves.

Efficiency does not always come with a higher price tag, but consumers have until recently, had no way of knowing this – and intuition tells us that efficiency costs more. When shoppers are given actionable information, they make energy-smart shopping choices. This allows policymakers and program implementers to rely on market forces to a much greater extent, freeing up scarce resources for targeted financial incentives that address the specific needs of low-income households and disadvantaged communities identified through a better understanding of product markets, consumer behavior and private investment barriers.

New Jersey should make full use of online marketplaces to modernize low-income programs:

Low-income programs delivered via online marketplaces are poised to offer great value to low-income households and disadvantaged communities, ratepayers and society as a whole. The New Jersey marketplace plan should encourage leveraging the decentralized statewide marketplace to incentivize super-efficient products across a wider range of categories relevant to low-income households and implement streamlined application and eligibility requirements and verification procedures to scale through digital channels. The market-based online retail approach also capitalizes on the trend towards online shopping and purchases. For the increasingly connected low-income segment, mobile is the device of choice for internet access, so mobile-first is a requirement to effectively serve this demographic.

Elements of an innovative online retail approach might include offering high incentives only on super-efficient product purchases (to stimulate product innovation and maximize the reduction in energy burden), instant online incentives to address the up-front purchase price barrier and solutions for contractors. The online approach offers flexibility that supports continuous program optimization and can eliminate the need for artificial income qualification boundaries and encourage private investment.

The market-based online retail approach also capitalizes on the trend towards online shopping and purchases. For the increasingly connected low-income segment, mobile is the device of choice for internet access, so mobile-first is a requirement to effectively serve this demographic.

Retail is increasingly moving online, even for major domestic appliances, and virtually every modern shopping journey includes online elements. By expanding the universe of plug load and appliance categories addressed, adopting market-based and behavioral strategies and using data to target marketing and incentives for greatest impact, online marketplaces that provide customers with energy aware choice engines can scale participation and improve low-income program cost-effectiveness. An online retail approach is not a substitute for more conventional program designs, but an essential innovation, if ambitious energy efficiency and equity goals are to be achieved cost-effectively.

Enervee appreciates the opportunity to provide these comments and looks forward to working with all New Jersey stakeholders in developing New Jersey marketplace implementation as part of the overall energy efficiency transition plan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Gordon', with a long horizontal flourish extending to the right.

Jon Gordon, Director Regulatory Affairs

Jon@Enervee.com

860.462.9158



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PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

STEFANIE A. BRAND
Director

May 15, 2020

VIA ELECTRONIC MAIL

Honorable Aida Camacho-Welch, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

**Re: I/M/O the Implementation of P.L 2018, C. 17 Regarding the Establishment
of Energy Efficiency and Peak Demand Reduction Programs
BPU Docket No. QO19010040**

**I/M/O the Clean Energy Act of 2018 - Utility Demographic Analysis
BPU Docket No. QO19060748**

Rate Counsel's Initial Comments Regarding Equity in Energy Efficiency

Dear Secretary Camacho-Welch:

Please accept for filing this letter being submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in response to the Stakeholder Notice ("Notice") for the May 4, 2020 Equity in Energy Efficiency ("EE") Meeting circulated by the Staff of the Board of Public Utilities on April 27, 2020. The Notice referenced the Utility Demographic and Firmographic Profile ("Demographic Analysis Study" or "Report"), dated April 30, 2020, which was prepared by the DNV-GL Company pursuant to the Board Order dated October 7, 2019. In that Notice, the Board requested public comments in response to the May 4th meeting and the Demographic Analysis Study by May 15, 2020.

In lieu of additional substantive comments at this time, Rate Counsel refers the Board to Rate Counsel's Comments submitted on April 15, 2020 in response to the Straw Proposal for New Jersey's Energy Efficiency and Peak Demand Reduction Programs ("the Straw Proposal") which includes

Honorable Aida Camacho-Welch, Secretary

May 15, 2020

Page 2

comments regarding our current position on equity issues in energy efficiency. Therein, Rate Counsel expressed support for the creation of an Equity Working Group to address equitable access to EE programs and cautioned against using cost benefit metrics, such as the Utility Cost Test, which might work against the adoption of low-income EE programs. In addition, Rate Counsel called for increased interaction with community groups and state agencies to address access to EE programs. Finally, Rate Counsel highlighted the need to consider rate affordability, particularly in the midst of the effects of state-wide pandemic health emergency.

At this time, Rate Counsel reserves its right to submit additional comments pertaining to equity in energy efficiency and the Demographic Analysis Study based on our continued review of the voluminous Demographic Analysis Study, the raw data files that supplemented the Report received from the utilities late last week, the May 15 presentation from the consultant who prepared the demographic study, and any further information received from the BPU's Office of Clean Energy on this matter.

An electronic copy of this letter will be emailed to EnergyEfficiency@bpu.nj.gov.

Please acknowledge receipt of these comments.

Thank you for your consideration and attention to this matter.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

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

cc: EnergyEfficiency@bpu.nj.gov
Paul E. Flanagan, BPU
Kelly Mooij, BPU
Stacy Peterson, BPU
Benjamin Witherell, BPU
Abe Silverman, BPU
Pamela Owen, ASC, DAG

Comments on the Energy Efficiency Transition Straw Proposal Issued by the New Jersey Board of Public utilities

Introduction

The New Jersey Environmental Justice Alliance¹ (NJEJA) would like to submit the following comments to the New Jersey Board of Public Utilities (NJBPU) on its Energy Efficiency Transition Straw Proposal (hereinafter referred to as “Straw Proposal”). The comments focus on New Jersey energy efficiency (EE) programs intended to serve low-income residents of environmental justice (EJ) and other communities.² NJEJA hopes this will be a prelude to a number of discussions with NJBPU on this topic. The Ironbound Community Corporation is also a signatory to these comments.

Systemic Structural Concerns

There is concern in the environmental justice (EJ) community that the structure of our current energy system is not conducive to delivering EE services to New Jersey EJ communities, i.e. Indigenous communities, Of Color communities and low-income communities. This concern extends to the delivery of EE to other communities as well but is especially acute for EJ communities. Much of this concern is caused by a heavy reliance on large conventional utility companies to deliver EE services. The utility industry is being asked by the state to implement programs that will reduce the demand for energy, which is their primary product.³ This places the state in the problematic position of having to pay the utility companies for electricity they never actually produced in order to incentivize them to deliver EE services to any of the state’s communities.⁴ There is even less incentive to make EE available in EJ communities where relatively poor housing conditions can increase the costs of the services.⁵

Concerns Over Current Programming

These structural questions, coupled with EJ communities’ historical experience with the current energy system and programs, lead to specific concerns about the programs currently providing EE services to low-income New Jersey residents. These concerns center on the difficulty of navigating the system and the extent of the services provided. The current low-income programs

¹ The NJEJA mission statement reads as follows: “The New Jersey Environmental Justice Alliance is an alliance of New Jersey-based organizations and individuals working together to identify, prevent, and reduce and/or eliminate environmental injustices that exist in communities Of Color and low-income communities. NJEJA will support community efforts to remediate and rebuild impacted neighborhoods, using the community’s vision of improvement, through education, advocacy, the review and promulgation of public policies, training, and through organizing and technical assistance.”

² NJEJA thanks Melissa Miles of the Ironbound Community Corporation (ICC) for reviewing and editing these comments; and Dr. Cecilia Martinez of the Center for Earth, Energy and Democracy; and Prof. Ana Baptista, Ph.D., of the New School, ICC and NJEJA, for providing ideas and concepts reflected in these comments.

³ *Energy Efficiency Transition Straw Proposal*, NEW JERSEY BOARD OF PUBLIC UTILITIES, DIVISION OF CLEAN ENERGY, at 10 (2020).

⁴ *Id.*

⁵ See, for example, *Cecilia Martinez, Environmental Justice and the Clean Power Plan: The Case of Energy Efficiency*, 41(3) WILLIAM AND MARY ENVIRONMENTAL LAW AND POLICY REVIEW 605, 627-630 (2017).

have at times been critiqued by members of the EJ community, and others, as being extremely bureaucratic with excessive amounts of paperwork and documentation.⁶ The documentation and paperwork is viewed as making it difficult for low-income residents to enter the programs, stay in the programs and access the full amount of services offered by the programs. NJEJA firmly believes that documentation and paperwork issues are problems that can and should be addressed quickly. The extent of services delivered to low-income customers is a problem that may not only be rooted in paperwork but also in the cost of delivering services. Due to housing that may be in poor condition compared to housing in more affluent communities, the cost of delivering EE in EJ communities may be relatively high.⁷ This could be a barrier to delivering anything but low costs services such as showerhead installation, lightbulb replacement and caulking. Relatively high costs may be an important factor in preventing delivery of more extensive services such as whole-building insulation⁸, obtaining new energy saving appliances and boiler replacement. Even if a low-income customer's housing is not in poor condition the cost of the service left for the customer to cover could also be a barrier to entry and to more extensive services for a low-income New Jersey resident. Due to concerns about the structure and operation of current low-income EE programs, NJEJA would welcome the opportunity to examine data on the following questions: 1) how many residents do current New Jersey low-income programs service; 2) how many residents should be eligible for current New Jersey low-income EE programs based on income alone; 3) what is the race of residents enrolled in New Jersey low-income EE programs; 4) what percentage of New Jersey residents that apply to low-income EE programs actually complete the application process and gain entry into the programs; and 5) how many New Jersey residents who participate in low-income EE programs receive the more extensive EE services referenced above?

Some Solutions

There are several solutions that would most likely improve the current New Jersey low-income EE programming. More funding could be made available to address the energy needs of EJ communities so that cost is less of a barrier to accessing EE services. NJEJA suggests that at least 33% of funds derived from the Social Benefit Cost (SBC) should be devoted to EJ communities. This could make additional funds available to provide the more-costly EE services to low-income customers. These funds could also be used to support renewable energy projects in EJ communities. Income eligibility requirements need to be reviewed and it should be determined whether the entry level income threshold is too high and is excluding low-income residents who desperately need energy services. Consideration should also be given to using entry requirements other than income. Documentation and other requirements that result in burdensome and time-consuming paperwork, and other related tasks, should be reduced in all ways possible. However, from an EJ perspective, as important as providing more funds for, and changing the requirements of, current programs, is allowing and incentivizing community based

⁶ See, for example, the letter submitted by Katherina Miguel of Isles, Inc. and Erin Cosgrove of the Energy Efficiency Alliance of New Jersey to the New Jersey Board of Public Utilities on "Equity Implementation in New Jersey's Energy Efficiency Transition" in March 2020. The letter expresses some of the same concerns contained in NJEJA's comments concerning excessive documentation connected to qualifying for low-income EE programs in New Jersey.

⁷ See Martinez, *supra* note 5, at 627-630.

⁸ *Id.* at 628 and also see Miguel and Cosgrove, *supra* note 6.

and community oriented organizations to become leaders in the field of low-income EE programming. The straw proposal seems to limit the primary providers of low-income EE services to the state and utilities⁹, even though it may contemplate community based and community oriented organizations as contractors.¹⁰ The topic of community based and community oriented organizations delivering EE, and other energy services, through state-funded programming to low-income and other EJ communities will be discussed in the next section of these comments.

Creation and Implementation of Low-Income EE Programs by Urban Community Energy Utilities and Community Organizations

Community organizations¹¹, including those focused on EJ issues, would have several specific advantages in delivering EE to low-income and other EJ customers that are not enjoyed by conventional utilities or state government. For example, a community organization that was created to work with, or is already working with, EJ communities would understand those communities better than utilities and state government. They would also not be conflicted over internal institutional goals as are the conventional utilities with respect to providing EE services. Many community organizations are well integrated into the communities they serve and know them well enough that they could cater their EE programs to that particular community. In prior comments that NJEJA submitted to NJBPU on the state's energy master plan, the idea of Urban Community Energy Utilities was raised¹² and it is done so again in these comments.

Urban Community Energy Utilities could be created at the community level and would be intended to comprehensively and coherently address the energy needs of a community. For example, these utilities could organize EE programs, organize energy related job trainings, perform community energy planning¹³ on both a general level and for specific projects, and conduct energy-related community education. The general community energy planning conducted by the community utility could involve an energy assessment that answers questions about the energy needs of the community in which it is located and addresses community level energy issues. For example, does that community need a community solar project, does it need EE and do residents need more support to pay oil bills? What type of energy activities should be emphasized in this particular community? All of these questions and other similar questions could be answered as part of community energy planning conducted by a Community Energy

⁹ See Straw Proposal, *supra* note 3, at 21.

¹⁰ The Straw proposal, *id.* at 26, does seem to indicate that “underrepresented and disadvantaged businesses” could become contracted service providers but does not discuss if it will take any steps to ensure that this occurs. NJEJA, of course, is advocating for community groups to create and implement low-income EE energy programs. However, it would also urge NJBPU to include requirements, or at least incentives, that increase the utilization of community organizations, and Of color and Women led businesses, as contractors in low-income EE programs.

¹¹ In the context of these comments the term “community organization” refers to community based and community oriented organizations that may or may not be incorporated.

¹²New Jersey Environmental Justice Alliance, *Comments on the Draft 2019 New Jersey Energy Master Plan*, prepared by Nicky Sheats, at 4 and fn #25 (September 16, 2019).

¹³Community energy planning has also been raised by NJEJA in prior comments submitted to NJBPU. *See, id.* at 1 and fn #3.

Utility.¹⁴ A Community Energy Utility could also help create and administer¹⁵ a local community solar project, if the energy assessment determines one is needed, and conduct community energy planning for that particular project. This project oriented planning could obtain community input on where the project should be located or what co-benefits for the project should be emphasized such as job training or integrating the project as much as possible into the local school system. The Community Energy Utility could also be the vehicle that administers a community energy grid and ideally gather supplemental capital to invest in energy projects and activities in the neighborhood. But most importantly for the purposes of these comments, the Community Energy Utility could create and administer local EE programs. Due to the level of knowledge the Utility would have about the local neighborhood it could customize the EE program to the needs of the local community in various ways such as what type of EE services should be emphasized.

There are several more ideas that should be noted about the concept of Urban Community Energy Utilities. First, the development and implementation of local EE programs by community organizations and other non-profits should not be limited to these, as yet to be created, Utilities. Community based or oriented organizations that have knowledge of and work with an EJ community, and that have sufficient capacity, should be allowed to receive funding directly from the state to create and implement a local EE program. Second, Community Energy Utilities, and low-income EE programs in general, should not be limited to urban areas; they should also be created in rural EJ communities with energy needs. However, the initial expectation is that, due to the geographic location of many of the state's EJ communities, most of these utilities would be urban based. Third, the initial funding for the Community Energy Utilities could come from SBC funds, as well as other sources, and they could also raise their own capital to supplement state funds. And finally, the point to be re-iterated in the current context for these comments, is that the institutions that have the primary responsibility for creating and implementing state funded EE programs in New Jersey should not be limited to the state and to the large conventional utilities. NJEJA has raised fundamental questions about the structure of the system that currently creates and implements EE programs for low-income customers. NJEJA understands that it is unlikely that this structure will be fundamentally changed in the very near future. However, that does not mean that movement towards a more community friendly structure should not begin or be allowed at this point in time. The creation of several Urban Community Energy Utilities would be an important step in that direction. The state should move to create several such pilot projects. This concept was created by the Center for Earth, Energy and Democracy in Minneapolis, which is a close ally of NJEJA, and would be willing to consult on such a project. The Ironbound Community Corporation, which is a signatory to these comments, would be interested in serving as a project partner.

¹⁴ NJBPU has introduced the idea of grants to governmental entities for community energy planning. This is a welcome initial concept to begin to move forward on the idea of community energy planning but the amount of the grants needs to be increased and they need to be made primarily available to community organizations so they can lead the community energy planning process. See the NJBPU website at <https://www.njcleanenergy.com/cep>.

¹⁵This could be done in collaboration with a private partner.

Evaluating EE Programs for EJ Communities

Some, if not most, of the techniques being suggested for program evaluation by the straw proposal (for example the establishment of utility specific QPI's¹⁶ and cost-benefit analyses¹⁷) are heavily quantitative and will be very difficult to understand by EJ community residents, the advocates that work with them and many others. NJBPU runs the risk of losing support for these programs because evaluations may not be trusted, partly because they are so difficult to understand. NJBPU should simplify the evaluation methodology and make sure the general public can understand and work with it. NJBPU should also ensure that evaluation tools used for low-income EE programs include justice and equity metrics. These metrics could include, but not be limited to: 1) the number of low-income and Of Color residents enrolled in the programs; 2) the percentage of eligible low-income and Of Color residents enrolled in the programs; 3) a statistic that captures the extent of services received by low-income and Of Color residents enrolled in the programs; and 4) the amount of non-GHG reduction in EJ communities connected to low-income EE programs. Because science and quantitative methods (especially risk analyses) have often been used to justify, or at least support, the citing of polluting facilities in EJ communities there may already be some pre-existing distrust of these tools by EJ community residents. On the other hand, if a metric such as the amount of locally harmful air pollution reduced in EJ communities due to low-income EE programs can be used in a way that incentivizes such reductions, then the metric might be beneficial to EJ communities beyond its evaluation value.

Energy Equity Workgroup and Input from the EJ Community

While NJEJA supports the idea of an Energy Equity Workgroup¹⁸, and would like to participate in the workgroup, in order to maximize participation from the EJ community as much as possible in the EE public participation process, NJEJA suggests that as many workgroups as possible should be consolidated. For example, in addition to an equity workgroup the straw proposal mentions a multi-family workgroup, Comfort Partners workgroup and other workgroups.¹⁹ The EJ community does not have the capacity to participate in multiple workgroups whereas industry and large environmental groups could better handle such an intense level of participation. At the very least, combining the multifamily, Comfort Partners and equity workgroups would make substantive sense because they will all extensively address justice and equity issues. Combining other workgroups would give the EJ community a better chance of participating in key non-equity focused workgroups that could nonetheless also impact equity concerns. NJEJA would also be interested in participating in any “informal process”²⁰ that could impact decisions on justice, equity and EE in New Jersey.

¹⁶ See Straw Proposal, *supra* note 3, at 33-36.

¹⁷ *Id.* at 50-52.

¹⁸ See Straw proposal, *supra* note 3, at 29.

¹⁹ *Id.*

²⁰ See *Id.* at 9.

Conclusion

NJEJA and partners look forward to interacting with NJBPU on the ideas contained in these comments.

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Date:

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New Jersey Board of Public Utilities Notice
“Equity in Energy Efficiency”

Rockland Electric Company Comments

EXECUTIVE SUMMARY

Rockland Electric Company (“RECO” or “the Company”) is committed to achieving equity in its Energy Efficiency (“EE”) programs. The Company believes that utilities can and will design equitable EE programs and remove barriers to participation. Utilities know their customers and know the barriers that low and moderate income (“LMI”) customers face participating in EE. For example, RECO has had great success with its low-income EE program, which RECO designed to meet the needs of customers in its service territory.

The Company recognizes that addressing barriers to EE participation and developing equitable EE programs is even more important as customers face the economic impact of COVID-19. The Company welcomes the participation of community groups to remove barriers to LMI customer participation in EE programs.

To remove barriers and achieve equity, utilities need the ability and flexibility to design and administer new and innovative EE programs that address the needs of their LMI customers, as well as the ability to amend these programs expeditiously. New Jersey Board of Public Utilities (“Board” or “BPU”) Staff have proposed significant limitations on the ability of utilities to develop and manage EE programs, particularly EE programs for LMI customers. As discussed further below, these limitations impede the ability of utilities to develop programs that serve LMI customers and remove barriers to their EE participation.

As explained further below, to complement the utility’s role of program administrator, the State and BPU could address low-income home health and safety problems that utility EE programs cannot address.

Finally, Staff’s proposals to limit the management of utility programs are not appropriate given that Staff also proposes significant penalties be imposed on utilities if they fail to meet Staff’s proposed equity metrics. As a result, utilities will be improperly penalized for unsuccessful equity programs that they neither design nor manage.

In the following comments, the Company explains its recommendations for achieving equity in EE programs.

COMMENTS

Program Design and EE Equity Goals

In its Spring 2020 Straw Proposal (“Spring Proposal”), BPU Staff imposed significant limitations on the design of utility programs, particularly programs that address the needs of LMI

customers. For example, the Spring Proposal concluded that low-income programs should be administered statewide because outreach and program offerings are not limited by utility service territory.¹ The Spring Proposal also concluded that the low-income Comfort Partners program should be co-managed by the Office of Clean Energy (OCE) and the utilities.² BPU Staff reasoned that co-management increases the accessibility of low-income customers to the Comfort Partners program.³

The Company disagrees with Staff's assumption in its Spring Proposal that co-management ensures equitable access to EE programs. The Company's experience is that where both State and utilities administer EE programs simultaneously it reduces participation. For example, RECO's New York utility parent, Orange and Rockland Utilities, Inc. ("O&R"), and the New York State Energy and Research Authority ("NYSERDA") both implemented EE programs at the same time in O&R's service territory. This concurrent implementation of EE programs by O&R and NYSERDA resulted in customer confusion, caused delays in project completions, and reduced O&R's ability to achieve EE related energy savings.

The Company also disagrees that low-income programs must be administered statewide to achieve effective and successful outreach and program offerings. RECO's experience with its low-income program is that low-income programs that cross service territories can work very well. The Company's low-income program ("Low Income Audit and Direct Install Program" or "Program") is an EE and behavioral education program that assists low-income customers, who either own or rent their home, in installing recommended cost effective energy measures, and educates these customers about energy conservation. The Program provides free audits and free EE measures to low-income customers, thereby assisting them to reduce energy consumption.

RECO is an electric utility and does not participate in Comfort Partners. Therefore RECO's Program coordinates with the Comfort Partners program for gas EE programs. The implementation contractor for RECO's Program, *i.e.*, Honeywell, also manages the installation of gas and electric measures for OCE's Comfort Partners program. As a result, Honeywell installs electric measures for RECO's customers and gas measures for the Comfort Partners program. This collaboration across service territories has been successful and cost-effective. Rutgers' Center for Energy, Economic & Environmental Policy ("CEEEP"), analysis of RECO's low-income program compared total dollars spent per kWh saved and incentive dollars spent per kWh saved to the NJCEP Comfort Partners program, and concluded that the Company's program "was 30% to 70% lower than the NJCEP Comfort Partners program in previous years." CEEEP also concluded that "Rockland Electric is saving more kilo-watt hours per participant in their program than other similar programs."⁴

Additionally, the RECO Program was designed specifically to meet the needs of RECO's low-income customers. RECO worked with the local community, including senior citizens and charitable organizations that assist low-income customers, to educate its community about the

¹ Spring Proposal at p.71.

² *Id.*

³ Spring Proposal at p. 22.

⁴ *Rockland Electric Low Income Energy Efficiency Program Cost-Benefit Analysis*, Center for Energy, Economic & Environmental Policy ("CEEEP"), Rutgers, The State University of New Jersey, pp. 3-4 (January 17, 2017).

Program and encourage participation. As a result, the participation of low-income customers in the RECO Program increased significantly compared to RECO's prior participation in the statewide Comfort Partners program, and the RECO Program has served the majority of its Universal Service Fund customer population.⁵ RECO's program also operates at a lower \$/MWh and a higher MWh reduction per participant, resulting in a higher benefit cost ratio.⁶

As explained above, the RECO Program has been more successful than the statewide Comfort Partners program because the RECO Program was designed to meet the needs of RECO's customers. There are other examples where utilities can better tailor programs to meet the needs of their local communities than statewide programs. Utilities maintain local connections, so they are more likely to hear directly from LMI customers about their needs or their problems with utility programs. Utilities have a history of partnering with food banks and local food pantries to distribute energy efficient products to their customers who need them the most. For example, "Con Edison is providing Food Banks in New York City and Westchester County with 200,000 high-efficiency lightbulbs for distribution to residential customers."⁷ Food bank programs are an established utility outreach strategy for engaging with the low to moderate income community.

Also, the most vulnerable customers may not have transportation to a big box store that participates in a statewide program; low-income communities tend to shop locally, creating a need for local, community-based relationships. According to the American Council for an Energy Efficient Economy ("ACEEE"), "low-income households tend to shop for goods and services locally and local businesses in low-income neighborhoods tend to use local suppliers far more than other businesses."⁸ Overall, LMI customers are harder to reach, and the utilities are more attuned to their needs, as well as with the retailers they frequent.

Access to customer energy use data is another reason why utilities, and not statewide programs, can better tailor programs to meet the needs of their local communities. Utilities can use this data to better target marketing messages in home energy reports, including data obtained through AMI deployment: "Advanced metering infrastructure (AMI) is beginning to create increasing opportunities for utilities to understand how their customers are using energy, and how they could benefit from EE or demand response programs."⁹ Having customer data also positions the utility to encourage customers to make long-term behavior changes beyond just one product purchase, such as HVAC system upgrades, so that their home continues to function efficiently and optimally.

⁵ Kennedy Testimony at p. 4, *I/M/O the Verified Petition of Rockland Electric Company for Approval of a Low Income Audit and Direct Install Energy Efficiency Program and Associated Rate Recovery Mechanism* (August 3, 2017).

⁶ *Id.*

⁷ Con Edison and Food Banks Teaming to Provide Energy Efficient Lighting to Residents (June 2018), available at <https://www.coned.com/en/about-us/media-center/news/20180618/con-edison-and-food-banks-teaming-provide-energy-efficient-lighting>

⁸ Miriam Pye, ACEEE, *Energy Efficiency Programs For Low-Income Households: Successful Approaches For A Competitive Environment* (August 1996), p. 5, available at <https://www.aceee.org/sites/default/files/publications/researchreports/U964.pdf>

⁹ Maureen Quaid, Public Service Company of New Mexico, *Customer Analytics for Energy Efficiency*, 2016 ACEEE Summer Study Conference Paper p. 6-3, available at https://www.aceee.org/files/proceedings/2016/data/papers/6_585.pdf

There are other initiatives utilities could take for EE equity, but Staff's limitations on LMI programs impede the elimination of participation barriers, is in utility LMI innovation. The utilities have expressed interest in pilot approaches that allow for automatic eligibility for specific geographic locations that have a high population of eligible customers and/or meet other policy priorities (*e.g.*, census tract, Urban Enterprise Zones, Opportunity Zones, environmental justice communities). In the EE Equity webinar of May 5, 2020, participants discussed the barriers that low-income customers face in completing applications and providing information for eligibility in EE programs. The significant limitation on LMI programs in BPU Staff's Spring Proposal discourage such LMI innovations on participation barriers.

Limitations on Program Design and Budgets

Staff's Spring Proposal adds further limitations on the ability of utilities to design programs that meet the needs of their LMI customers and remove barriers to their participation in EE programs. These limitations will further impede EE programs that target the removal of barriers for full participation by all customers. These limitations will further impede the design and management of LMI programs.

For example, utilities will be permitted only minor adjustments to program design, and only with Staff approval and stakeholder comment.¹⁰ Staff is given 30 days to approve or disapprove the minor adjustment.¹¹ Budget modifications to programs for LMI customers require full Board approval.¹² Budgets for Low-Income programs cannot be shifted.¹³

EE Equity and Non-Energy Benefits

With regard to non-energy benefits ("NEBs"), Staff recognizes that NEBs can be positive or negative, although most are considered positive. Staff concludes that environmental and economic NEBs and costs should be identified and, where possible, quantified and included in BCA tests. If these NEBs are not included, BCA tests will under-estimate the value of EE and peak demand reduction programs.¹⁴

The efforts necessary to quantify NEBs in determining EE equity are considerable and argue against the quantification of such benefits. The Company agrees that there are indirect or non-energy related costs or benefits that should be considered. For example, low-income EE programs generally have a BCA ratio less than one. While additional benefits are realized by participants, such as enhanced health and safety, the value of a lower energy bill, and reduced subsidies needed to support credit programs, these benefits are not easily quantified. As a result, low-income programs are implemented despite a BCA less than one while realizing that these benefits, if quantified, would produce a BCA ratio above one.

Role of the BPU

¹⁰ Spring Proposal at pp. 26-27.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ Straw Proposal at p. 52.

One important issue in obtaining EE equity, and an important role for the State, is remediating health and safety conditions that are a barrier to participation for low-income customers. RECO's experience with its Low-Income Program reveals that a significant portion of low-income customers have health and safety conditions (*e.g.*, asbestos, lead paint, mold, roof leaks, moisture in basement or crawlspaces, open sewer or drain lines, leaky plumbing, insect infestations) that EE programs cannot correct. The BPU can lead the exploration of other funding sources in coordination with other state agencies such as the Department of Health, the Department of Community Affairs, and the Department of Human Services. This exploration also will encourage the success of low-income EE programs.

CONCLUSION

For the above reasons, RECO requests that the Board's Order addressing EE and Peak Demand Reduction Programs reflect the Company's positions as set forth above.