Deborah Petrisko

From: Bob Anderson [bob.anderson@greencampuspartners.com]
Sent: Wednesday, September 12, 2012 4:57 PM
To: publiccomments@njcleanenergy.com
Cc: Jim Thoma; Dan Svejnar
Subject: BPU Response

To whom it may concern,

On behalf of Green Campus Partners (GCP), I appreciate the opportunity to share comments with the NJ Board of Public Utilities (BPU) regarding the proposal of the Board's Office of Clean Energy (OCE) for changes to the New Jersey Clean Energy Program's budget.

GCP is an active New Jersey based project development and investment firm focused in energy efficiency and combined heat and power projects. As an investor and third party owner, we target projects in New Jersey which have immediate substantial positive impacts on the state economy including helping to make businesses more competitive by lowering their energy costs, reducing demand on the electricity delivery system and strain on the electric grid, and reducing greenhouse gas and other harmful emissions.

To achieve more project development that will have a meaningful impact in helping the state reach its efficiency goals of "20 percent by 2020" from the State's 2008 Energy Master Plan, GCP is supportive of several measurers.

1- Efficient use of capital raised: As noted by Stephanie Brand, director of the Division of Rate Counsel, at the BPU's public hearing meeting September 7, 2012, the budget cuts proposed by the OCE are compared against what was originally budgeted not actually spent which leads the figures to appear larger and more concerning. GCP believes with a firm 'use-it or lose-it' policy within the OCE, the OCE will be encouraged to deploy capital more efficiently to meaningful projects in the State or else risk returning the raised capital to the rate payers less minor administrative costs.

2- Consolidating the administrative role: GCP supports the effort to consolidate the number of program administrators from three to one and feels this will help facilitate an efficient deployment of incentive capital to projects.

3- Stable continuous support: Since project development takes a significant amount of time, it is paramount that the OCE provide a clear and stable long term incentive program in order to entice the development of these long term projects. This can be achieved under existing grant programs if they become common place and efficiently administrated or through the use of market based incentives described below.

4- Market v State Based Incentives: CHP as a technology is able to provide capacity to the grid where intermittent renewable resources are not. In considering options for a market based incentive program to replace state grants, GCP would encourage the BPU to work with PJM and others to facilitate a long term robust capacity payment market. If utilities were required to pay as little as \$0.01 - \$0.03/kWh (significantly less than SRECs) under long term contracts for capacity to CHP projects, it would open up an vast market for on-site CHP projects in NJ. This would be achieved without much if any State support from the OCE while at the same time helping make businesses more competitive by lowering their energy costs, reducing demand on the electricity delivery system and strain on the electric grid, and reducing greenhouse gas and other harmful emissions – a win-win for the State and CHP market.

We appreciate the need during these economic times to appropriate funds to fill budget gaps however we encourage this to be done reasonably with the idea of increasing the efficiency of support for clean energy projects. Thank you for your time and please feel free to contact me with any follow up questions.

Regards,

Bob Anderson
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EAM ASSOCIATES

September 11, 2012

New Jersey Board of Public Utilities
Office of Clean Energy

Re: Comments on Proposed Changes to Programs-Residential New Construction

EAM appreciates the opportunity to provide input on the proposed changes to the Residential New Construction Program. As a New Jersey-based energy efficiency and green building consulting firm since 1993, EAM works with builders and developers of residential properties to help them deliver more efficient and sustainable homes to their clients, providing them with third party certification under such programs as Energy Star, LEED for Homes, and the National Green Building Standard. We have been an active participant in the current Residential New Construction program since July 2010, when the market was opened up to all qualified Rating Companies, and since 2001 we have certified nearly 10,000 homes under these nationally recognized programs.

We support the continuation of the current Tier 1 NJ EnergyEfficient Homes and Tier 2 Energy Star Homes programs. Tier 1 has, by design, allowed builders who could not immediately make the jump to Energy Star Version 3 an opportunity to still deliver a more efficient product to their customers. The sliding scale incentives based on HERS scores truly rewards performance, while allowing builders flexibility in the construction process.

The "Proposed Programmatic Changes" document states "shift program to meet Climate Choice (Tier 3) standards as of January 1, 2013". Board staff should consider other options for a Tier 3 program. While the Climate Choice Home delivers significant energy savings, the uptake by builders and homebuyers has been almost non-existent, with only a handful of participants in spite of extremely generous incentives.

Nationally recognized programs such as LEED for Homes and the National Green Building Standard (NGBS) that go beyond Energy Star offer builders a marketing advantage and include many of the features of Climate Choice, without some of the encumbrances that seem to be stifling participation today. In addition, during the development of the NJ Green Building Manual, it was generally agreed that these two programs, at their Silver certification level, would be the standard if a statewide incentive was to be made available. These should be considered as a platform for a new Tier 3 program incentive.

Thanks again for the opportunity to share these comments. Please feel free to contact us with any questions.

Regards,

Rick Marx

Rick Marx

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Greener by Design

CHP-Fuel Cell Memorandum
In response to
2012-2013 CEP Budget Revisions

Memorandum for: Staff, Renewable Energy Committee
From: Greener by Design, LLC
Date: September 12, 2012
Subject: Continued CHP Funding

Part I. Policy Overview

It has been brought to our attention that the Clean Energy Program (CEP) will be reducing budgets and reallocating funds in reaction to funding reassigned to the state's general fund. In response, this memorandum proposes the following:

- CHP-fuel cell technology is applicable to various core programs within the CEP as well as contributing to the CEP's ongoing goal of transforming the market place. CHPs ability to correlate with other programs makes it highly cost effective.
- CHP technology is persistently adding jobs around the country as its popularity continues to grow due its comprehensive nature in meeting cost reduction goals. However, public awareness and understanding of CHP technology still remains low in the state, attributing to the program's low participation rates.
- CHP goals in the Christie administration's energy master plan recommends building 1,500 MW of CHP by 2020, a goal that will become increasingly difficult to meet if enough funds are not allocated to the CHP program.

Fuel cells are an efficient form of clean energy that is created by combining hydrogen and oxygen electrochemically, with no combustion. According to the *2011 Market Report* conducted by the Department of Energy, companies are installing fuel cells to generate onsite primary or back up power to buildings, data centers and cell towers. Businesses are also choosing fuel cells to power their materials handling equipment because of the productivity and performance advantages of fuel cell lift trucks over battery-powered ones. Commercial markets expanded significantly, where more than 3,000 fuel cell forklifts were either deployed or on order in the United States at the end of 2011. Fuel cell usage continues to grow in the retail and grocery markets, office parks and mixed-used residential buildings. As of 2007, fuel cells have seen a significant cost reduction, which attributed to the increase in its use. Fuel cells continue to receive far more patents than other renewable energy technologies, with fuel cells receiving more than 950 patents in 2011.

"An increasing number of our customers are considering fuel cell-powered forklifts as a viable option. They are coming to us with questions and asking for help determining if and how this technology can be integrated into their fleets and facilities. Crown continues to work closely with fuel cell manufacturers to guide the evolution of the technology and increase levels of fuel cell integration with lift trucks."
— Ernst Baumgartner, Crown Equipment Corporation's fuel cell project manager.

Two of the fuel cell industry's top companies are located in New Jersey, Linde North America, Inc. and BASF Fuel Cell, Inc., demonstrating the growing presence of CHP technology in this state. In many of New Jersey's large cities, solar and wind power may not be an option due to lack of space and inadequate access to the elements. Fuel cells provide constant power and flexible siting, unlike other renewable options. *"We just don't have space on our tower rooftops for large solar arrays."* — Randall H. Knox, III, Adobe's senior director of Global Workplace Solutions stated in response to why their company chose fuel cells over other renewable energy alternatives. Reliability is a large factor for converting to fuel cells as they continue to generate power during grid power failures. During Hurricane Irene, which pummeled the East Coast in August 2011, the Whole Foods Market in Glastonbury, Connecticut, was able to keep its coolers running with its fuel cell. According to Lawrence Berkeley National Laboratory, the annual cost of power interruptions in the U.S. is estimated at $80 billion or more.

A report by the DOE, *Business Case for Fuel Cells 2011*, shows states and municipalities are purchasing fuel cells to provide efficient energy for universities, hospitals, prisons and wastewater treatment plants. Fuel cells are being evaluated by the military to provide power to bases and remote sites, portable power for military personnel and extended power for unmanned aerial and ground vehicles. International interest is also booming. These facts alone infer the future necessity for fuel cells, which will result in jobs and tax revenue among other benefits. Allow New Jersey to become the CHP innovator of tomorrow by continuing and expanding the incentives for CHP technologies of today.

As demonstrated in this memorandum, it would be in the CEP's best interest to continue to allocate enough funding to CHP technology in an attempt to achieve the most cost effective and beneficial outcome for efficient energy in the state of New Jersey.

Part II. Technical Justification

The major problems facing the State of New Jersey are:

1) Energy generation, 2) Energy storage, 3) Government budget balance

1) Energy generation: There are various methods to generate energy. Currently we use almost entirely fossil fuels to generate electricity. Approximately 97% of energy generated in the U.S. is non-new-renewable energy (Paul Falkowski, Rutgers University). Sunlight, wind, rain, tides, geothermal energy, etc. are natural processes that can be exploited for their gain in mechanical potential. These processes are governed by many variables and chaotic physical behavior, but advances in technology have caused the efficiency of energy capturing methods to increase more or less linearly with time.

2) Energy storage: After energy is generated or captured, it is desirable to store it to perform useful operation— work— at a later time.

3) Government budget balance: Keynesian economics advocates a government budget deficit during recession or downturn as long as it's limited enough to render the structural government budget balance

positive. One should think across the entire business cycle. In a balanced budget, output must be less than or equal to the input, but the appropriate question to ask is, "on what time scale?" Investments need to be made in technology or competitive advantage will go outside the State. Forgone opportunities will cause a loss of business in New Jersey. While enduring structural deficit, governments need to spend money on policies aimed toward improving the productive potential of the economy.

Fuel Cells: A fuel cell is a device that converts the chemical energy from a fuel into electricity through a chemical reaction with oxygen or another oxidizing agent. Fuel cells provide large-scale energy storage for commercial, industrial, and residential primary and backup power generation. Fuel cells can be thought of as batteries with the fuel held externally. They are 40% to 60% efficient which is 20% to 40% more efficient than traditional power generation. For example, coal and oil-fired plants are approximately 33% efficient. CHP-fuel cells have the potential to reach 85% efficiency through cogeneration. The environmental impact of fuel cells is significantly cleaner than traditional energy generation methods too, as no combustion occurs inside the cells.

Cost of Energy Analysis: Cost of Energy from a Fuel Cell = (Annual Capital Cost + Annual Fuel Cost + Annual Maintenance Cost – Environmental Cost of Using Fossil Fuels) / Annual Energy Produced by the Fuel Cell

Conclusion: It is environmentally, economically, and entirely irresponsible to cut funding for CHP-fuel cell programs in New Jersey. Doing such would only hinder the future of our State at the cost of continuing to support the special interest of the few and powerful who naturally are opposed to technological change because it does not benefit themselves.

State of New Jersey
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

September 12, 2012

Via Overnight Delivery and Electronic Mail
Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9^{th} Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: Proposed Revisions to the 2012-2013 Renewable Energy Program Budget (NJCEP F.Y. 2013) Dated August 17, 2012 BPU Docket Nos. ER07030203 and EO11100631V

Dear Secretary Izzo:

Enclosed please find an original and ten copies of comments submitted on behalf of the New Jersey Division of Rate Counsel in connection with the above-captioned matters. Copies of the comments are being provided to all parties by electronic mail and hard copies will be provided upon request to our office.

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

Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: Sarah H. Steindel

Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel

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Proposed Revisions to the 2012-2013 Renewable Energy Program Budget (NJCEP F.Y. 2013) Dated August 17, 2012

BPU Docket Nos. ER07030203 and EO11100631V

Comments of the New Jersey Division of Rate Counsel

September 12, 2012

The Division of Rate Counsel ("Rate Counsel") would like to thank the Board of Public Utilities ("BPU" or "the Board") for the opportunity to present our preliminary comments on the proposed revisions ("Staff Straw Proposal") offered by the Office of Clean Energy ("OCE") to the 2012-2013 New Jersey Clean Energy Program ("NJCEP").

The budget revisions are being proposed in order to accommodate a total of $331.5 million in appropriations from the Clean Energy Fund under the Supplemental Appropriations Act for F.Y. 2012, P.L. 2012, c. 12 ($200 million), and the Appropriations Act for F.Y. 2013, P.L. 2012 , c. 18 ($131.5 million). OCE's proposal also reflects the transition from a calendar year budget to a budget consistent with the State Fiscal Year. Staff is recommending that the C.Y. 2012 funding level be continued through June 30, 2013. Accordingly, Staff's proposal covers the 18-month period from January 1, 2012 through June 30, 2013.

Initially, Rate Counsel stresses that it is a strong supporter of energy efficiency and of the State's aggressive goals for reducing energy use. Rate Counsel wants those programs that are successful to continue, and those that are not, to improve. The proposed budget changes as presented by OCE create the appearance of deep cuts to programs necessitated by the Legislature's appropriations from the Clean Energy Fund. This would be a matter of serious concern to Rate Counsel if this impression were accurate. However, it appears that OCE has presented its proposed budget changes in a way that exaggerates their impact on OCE's programs. The problem is that the OCE's proposed budget cuts are presented as changes from the total amount that was budgeted for OCE programs, not actual spending. When viewed against OCE's record of actual spending on programs, the revised budget does not seem nearly so austere.

OCE has depicted its proposed budget changes on a table entitled "Revised 2012 Funding Levels," appearing on the second page of the spreadsheet that was posted for public comment. This table presents the information in a way that is confusing. In columns (b) and (c) of the chart we see that OCE has identified about $49.4 million in funds carried over from last year's budget (column b, "Additional Carryover + Additional Interest"), of which $40.9 million can be used to offset the $200 million appropriation from the Clean Energy Fund in the Supplemental Appropriations Act for F.Y. 2012. This gives the impression of a $159 million shortfall—with another $131.5 million in appropriations still to be accommodated in 2013. The budget changes were presented in a similar fashion at the public hearing held before the Board on September 7, 2012. As explained by the NJCEP's program coordinator, Michael Ambrosio, Staff had to make significant budget cuts totaling $188 million in order to cover the $200 million appropriation for F.Y. 2012 and to carry over sufficient funds into 2013 to cover the additional $131.9 million appropriation for F.Y. 2013 during the first six months of 2013. Public Hearing Transcript at 18-22.

What was not clearly explained in OCE's spreadsheets or at the public hearing is that the $49.4 million in carryover amounts shown in column (b) represent only a small portion of the total carryover from 2011. That information has to be gleaned from the table entitled "2011 Additional Carryover," which appears further down on the page. The first three columns of that table show that OCE spent only $192 million of the $506 million budgeted for programs in 2011—resulting in a carryover of over $314 million. Attached to these comments as Exhibit 1 is a table showing that, taking account of the actual carryovers and both the F.Y. 2012 and F.Y. 2013 appropriations, the shortfall is roughly $48 million if you assume spending at an annual rate equal to actual spending in 2011. Actual spending between now and June, 2013 is presently unknown. Thus, it is also unknown whether spending between now and June, 2013 will also be less than the budgeted amounts. However, the relatively small shortfall (compared to the $188 million in proposed budget reductions) shown in the attached table suggests that little or no reduction in actual program spending may be required to accommodate the legislative appropriations that occurred for F.Y. 2012 and 2013. Rate Counsel recommends that deep cuts in successful programs be moderated or eliminated based on actual spending, rather than projections that have not, in the past, proved accurate

It is also important to bear in mind the increasing levels of utility spending on renewable energy and energy efficiency through their programs approved by the Board pursuant to N.J.S.A. 48:3-98.1 ("RGGI") programs. This spending, which totals approximately $100 million per year, does not appear in the NJCEP budget, but does contribute to the State's renewable energy and energy efficiency goals. Further, the State's solar energy market is now supported by SRECs, the costs of which also do not appear in the NJCEP budget. The continued utility spending and the ongoing SREC market, both of which are funded by ratepayers, through separate clause charges and through the rates they pay for electric generation service, should help assure that the necessary modifications to the NJCEP budget do not unduly compromise the State's energy efficiency and renewable energy goals. [1]

[1] N.J.S.A.48:3-60(a); N.J.S.A. 48:3-98.1; N.J.A.C. 14:8-2.3.

Mr. Ambrosio's testimony at the September 7, 2012 public hearing suggests that OCE's budgeting process did, in fact, include an assessment of the amounts that would be spent absent the constraints resulting from the legislative appropriations. After first eliminating several programs that have not yet been implemented, the program managers developed "estimates of how much they realistically could spend in 2012" with no changes in the remaining programs. Public Hearing Transcript at 21. When cutting back the program budgets to those levels "didn't get us all the way where we needed to go," Staff then evaluated the programs and proposed additional cuts. Id. The details of this process were not disclosed in the materials posted for public comment or at the public hearing. There is no way to determine how much of the $188 million in cuts were to reduce the various program budgets to a "realistic" levels of spending, and how much were due to the additional cuts identified by Staff. Further, although Mr. Ambrosio stated that Staff undertook an evaluation of the programs in order to decide where to make additional cuts, the materials posted for comment included only overly-abbreviated summary explanations why Staff chose to cut some programs and not others, and provided neither the data nor a clear description of the methodology underlying Staff's recommendations. Given the amount of proposed budget reductions involved, a more thorough accounting of these reasons, with supporting analysis, was required – but not provided.

Rate Counsel does not believe that the Board has met the "basic administrative law obligation to act with transparency through the provision of prior notice and opportunity to comment." In re Provision of Basic Generation Service for the Period Beginning June 1, 2008, 205 N.J. 339, 344 (2011). Given the lack of information on the levels of and basis for the "realistic" spending estimates for 2012 developed by the program managers, and the absence of clear explanations of Staff's rationales for its decisions on further cuts, it is difficult or impossible for Rate Counsel to propose specific changes to the OCE proposal. Rate Counsel has, however, identified concerns as to several components of the OCE's proposal.

I. Renewable Energy Budget

For the Renewable Energy ("RE") programs, the Staff straw proposal reflects $25.4 million in reductions from the approved 2012 budget, plus additional reductions in the amount of $12.3 million in carry-overs from the 2011 budget. Rate Counsel supports these changes overall but believes that the Consumer Onsite Renewable Energy ("CORE") program budget could be reduced further, and notes that the Board has added back $5 million in 2013 funding to the Renewable Energy Incentive Program ("REIP") budget.

Rate Counsel continues to have serious reservations about the multi-year "wind-down" of the CORE program. This program was discontinued as far back as 2008, and yet continues with significant carry-overs each year. The C.Y. 2012 budget includes $4.1 million, which was the estimated amount expected to be carried over from the 2011 budget. The actual carryover was $9.4 million, about $5.3 million more than anticipated. While OCE proposed to eliminate this additional $5.3 million carryover from the CORE budget, the remaining $4.1 million budget is questionable given the $2.6 million in commitments as of June 29, 2012. At some point, this program should end. Rate Counsel again recommends that the Board discontinue funding for the CORE program (as it did in the 2011 budget) and either return those dollars to ratepayers or use these funds for other programs.

OCE is proposing to reduce the REIP budget by the $6 million in additional carryovers from 2011, but adds an unexplained $5 million from the available 2013 funding. Rate Counsel questions whether this is useful funding at this time. Rate Counsel notes that it questioned the need for financial support for onshore wind and biomass in its November 10, 2011 comments on the C.Y. 2012 budget in the Board's Docket No. EO07030203. In the absence of a demonstrated need for OCE's proposed funding levels, Rate Counsel does not support the addition of $5 million in 2013 funding to this renewable energy program budget item.

Rate Counsel supports OCE's proposed elimination of the current $418,000 carryover and additional $3 million reduction to the Offshore Wind program. Rate Counsel also supports the proposed elimination of the $360,000 carryover and additional $16.4 million reduction to the Grid Connection (formerly REDI) program.

II. Funding Levels for EDA Programs and OCE Oversight

As shown in Table 1 below, as of June 30, 2012, EDA Programs have spent or committed about $6.8 million, and OCE has spent or committed about $2.8 million. If the same spending pace continues, the total spending for the 18-month period covered by Staff's proposal can be expected to be three times these amounts.

Table 1. An Overview of Expenses as of June 30, 2012 and Proposed Budget for 2012 plus 6 Months in 2013[2]

	Preliminary Expenses plus Commitments as of June 30, 2012	Proposed budget for 2012 + 6 Months 2013	Proposed Budget over Expense as of June 30, 2012
Energy Efficiency Programs	$176,163,612	$387,713,328	220%
Renewable Energy Programs	$23,908,670	$38,631,421	162%
EDA Programs	**$6,792,650**	**$49,045,281**	**722%**
OCE Oversight	**$2,769,046**	**$14,186,401**	**512%**
TRUE Grant	$21,789,874	$21,789,874	100%
Additional Interest	$0	$0	n/a
State Energy Office	$0	$0	n/a
Total	$231,423,852	$511,366,306	221%
Legislative Action	$384,000,000	$384,000,000	100%
Total	$615,423,852	$895,366,306	145%

[2] Developed based on the data in "Revised 2012 Budget" worksheet in "Copy of 2012-2013 draft budget 8-24-12noSEO$.xlsx" file, circulated by OCE on August 28, 2012

Table 1 shows that OCE proposed a significantly higher budget for EDA than can be justified by their spending pace through June 30, 2012. For EDA Programs, OCE proposed a budget at 722% of the expense as of June 30, 2012. Based on a review of the detailed EDA Program budget, even with sizable budget reductions in place there are still significant budgeted funds for the Large CHP Solicitation (EDA). Additional information on OCE's expectations for actual CHP investments through 2013 would be needed in order for Rate Counsel to evaluate the EDA budget.

Table 1 also shows that, as presented in the Staff Straw Proposal, OCE was proposing a budget for OCE Oversight at of 512% of the expense as of June 30 of this year. However, at the September 7, 2012 public hearing, OCE's Director, Michael Winka, stated that, despite appearances, OCE is not proposing to increase its own budget for oversight. According to Mr. Winka, the OCE Oversight budget as shown in the spreadsheets posted for public comment actually overstated the Oversight budget, because that line item included an amount intended to cover transition services to be provided by the new program administrator. Mr. Winka stated that this was done "so the bidders wouldn't know that we had a line item of X for the transition." Public Hearing Transcript at 38. Mr. Winka stated that, at the time the budget changes are presented to the Board for approval, OCE will break out the transition related costs from the OCE's own oversight budget. In the absence of the actual budget amounts, and supporting information, Rate Counsel is not able to comment on OCE's actual budget for oversight.

Finally, the Program Evaluation budget (in the OCE Oversight category) has been reduced by $1 million. Additional information on which evaluation activities are to be reduced or eliminated relative to the originally-budgeted amounts would be required to determine whether this budget reduction is warranted.

III. Revised Energy Efficiency Program Budget for 2012 to 2013

The following section provides Rate Counsel's comments concerning OCE's revised budgets for energy efficiency programs through June 30, 2013, as well as the document titled "Proposed Programmatic Changes associated with 2012-2013 CEP Budget Revisions" circulated on August 28, 2012 to the stakeholders.

A. Residential EE Programs

Table 2 below shows Staff's proposed Residential EE budget allocations for the 2012-2013 budget as compared to the originally approved budget for C.Y. 2012. Table 3 below shows OCE's proposed Resdidential EE budget cuts for 2012.

Table 2. Residential EE Budget Allocation: 2012 Original vs. Proposed 2012-2013[3]

Residential EE Programs	Original 2012 Budget Allocation	New Allocation for 2012-2013 Budget
Residential HVAC - Electric & Gas	24.7%	22.8%
Residential New Construction	17.4%	19.3%
Energy Efficient Products	21.6%	17.7%
Home Performance with Energy Star	34.5%	38.5%
Residential Marketing	1.8%	1.6%
Sub Total Residential	100%	100.0%

[3] Developed based on the data in "Revised 2012 EE Budget" worksheet in "Copy of 2012-2013 draft budget 8-24-12noSEO$.xlsx" file, circulated by OCE on August 28, 2012

Table 3. Proposed 2012 Residential EE Budget Cuts[4]

Residential EE Programs	2012 Funding Cut or Increase
Residential HVAC - Electric & Gas	-13%
Residential New Construction	0%
Energy Efficient Products	-27%
Home Performance with Energy Star	-5%
Residential Marketing	-21%
Sub Total Residential	-11%

Little has changed for the residential EE program budget in terms of budget allocation among the residential programs (see Table 2 above). Rate Counsel does not have particular concerns about the proposed budget levels for the residential programs. However, based on a review of the budget allocation shown on Table 2 and the 2012 budget cuts shown on Table 3 above, Rate Counsel is concerned about the lack of transparency as to the reasons for some of Staff's proposed re-allocations of the available funding. Rate Counsel suggests OCE consider the following points.

- **Residential New Construction Budget**: Based on Honeywell's presentation on the preliminary statewide results of the residential programs as of June 2012 presented at the EE committee meeting on July 19 ("July 19 Honeywell Presentation"), completions for the Residential New Construction ("RNC") program have been lagging behind the monthly goals by about 30%. However, OCE did not propose any funding cut for this program in 2012. OCE should consider reducing the budget for the RNC program and increasing the budget for other programs or program support such as Residential Marketing and Residential HVAC, discussed below. Rate Counsel understands that there are significant commitments associated with the NJCEP RNC program, and with any EE

[4] Developed based on the data in "Revised 2012 EE Budget" worksheet in "Copy of 2012-2013 draft budget 8-24-12noSEO$.xlsx" file, circulated by OCE on August 28, 2012

program targeting new construction. However, other NJCEP programs are performing better in terms of meeting monthly goals than the RNC program, and yet OCE is proposing larger percentage budget cuts for these other programs. For example, OCE proposes a 13% budget cut for the Residential HVAC programs, even though the HVAC programs are currently meeting their project completion goals. If there are uncommitted funds for the RNC program currently, then OCE should consider cutting the RNC budget and transferring funds to the programs that are spending their funds on schedule.

- **Residential Marketing Budget:** While it appears the budget cuts for the Residential Energy Efficient Products and Home Performance with Energy Star programs are appropriate based on these programs' poor performance, as presented during Honeywell's July 19 presentation, Rate Counsel maintains that the 21% budget cuts for the Residential Marketing activities may be too high, especially considering the significant ratepayer benefits from increased participation. If OCE considers reducing the budget for the RNC program, it could transfer this extra funding to Residential Marketing or the Residential HVAC programs, as noted above. Rate Counsel has consistently supported OCE efforts to market its programs to residential ratepayers, as part of overall efforts to increase participation, continue to promote transformation of the market, and help to overcome the fundamental barriers to participation (e.g., information, access to incentives) seen especially by smaller customers.

- **Residential HVAC Eligible Equipment**: Finally, Rate Counsel has reservations about OCE's changes to the Residential HVAC program. In the Staff Straw Proposal, OCE proposed to eliminate furnaces and air conditioners from eligible equipment for this program. OCE initially proposed the incentive modifications based on upgraded appliance standards that will take effect as of January 1, 2013. At the September 7, 2012 public hearing, OCE modified the Staff Straw Proposal to include elimination of incentives only for air conditioners, with modifications to the incentive structure for furnaces and water heating equipment. Public Hearing Transcript at 26, 29-30. While OCE has not provided details of its proposal to retain and modify incentives for furnaces and water heaters, Rate Counsel supports this change in concept. In addition, rather than eliminating incentives for air conditioning equipment, Rate Counsel suggests OCE increase the threshold level of efficiency for applicable air conditioners (for example, raise the minimum SEER level for which incentives would be available to something greater than the new standard). The level of incentive for such an increased threshold should depend on OCE's assessment of the incremental cost to reach the higher efficiency level. While ongoing transformation of the HVAC marketplace will be greatly assisted by increased appliance efficiency standards, elimination of an incentive structure altogether, such as proposed for air conditioners, could lead to an abrupt decrease in the rate of market transformation for this segment of the market, due to factors including alienation of the participating contractor base. Instead of eliminating the incentive, Rate Counsel suggests a more reasonable modification of the existing structure

B. Low Income EE Programs

OCE proposed no change to the 2012 budget for the Comfort Partners and an additional $15 million for the first 6 months in 2013. Rate Counsel fully supports continued funding for this program.

C. C&I EE Programs

The original and new budget allocations among the Commercial and Industrial ("C&I") programs and the proposed C&I budget cuts are presented in Table 4 below. Table 4 shows that OCE proposed significantly higher budget cuts for a number of programs such as the C&I New Construction, Pay-for-Performance New Construction, Multi-Family Financing Pilot, and Retro Commissioning. The table also shows that OCE proposes to increase the budget for the Direct Install Program. Rate Counsel's comments on these program budget cuts are provided after Table 4.

Table 4. Proposed C&I EE Budget Cuts[5]

C&I EE Programs	2012 Funding Cut or Increase
C&I New Construction	-50%
C&I Retrofit	-9%
Pay-for-Performance New Construction	-76%
Pay-for-Performance	-22%
CHP	-30%
Local Government Energy Audit	-17%
Direct Install	5%
TEACH	n/a
Marketing	-32%
Large Energy Users Pilot	-73%
Multi-Family Financing Pilot	-100%
Retrocommissioning	-100%
Sub Total C&I	-28%

- **C&I New Construction and Pay-for-Performance New Construction**: The proposed budget cuts for these programs (ranging from 50% to 76%) appear unfairly high relative to the budget cuts for the retrofit programs, despite the fact that the performance for these

[5] Developed based on the data in "Revised 2012 EE Budget" worksheet in "Copy of 2012-2013 draft budget 8-24-12noSEO$.xlsx" file, circulated by OCE on August 28, 2012

new construction programs and the C&I retrofit programs (i.e., C&I retrofit and Pay-for-Performance) are very similar according to the market manager TRC's presentation at the July 19, 2012 EE Committee meeting. The TRC presentation showed that all of these programs are slightly exceeding their monthly savings goals on average. Thus, the proposed budget cuts for the new construction program need more explanation, such as, for example, whether the state anticipates more entities to take the SBC credit for energy efficiency projects related to new rather than existing construction. Otherwise, OCE should propose lower budget cuts for the new construction programs and higher budget cuts for the retrofit programs than being currently proposed.

- **Multi-Family Financing Pilot and Retro-commissioning**: OCE proposes to cut all of the budget for the Multifamily Financing and Retrocommissioning programs due to either lack of launch of program or lack of participants. In OCE's explanation of proposed programmatic changes, it has grouped the Multi-Family Financing, the Retro-commissioning, New Financing and EE Revolving Loan fund programs together, and has not indicated which of the two reasons (lack of launch or lack of participation) applies to which program. Retro-commissioning, which involves on-site visits post-installation to ensure proper functioning of efficiency investments, is (programmatically) quite different from a Multi-Family Financing pilot. At the September 7, 2012 public hearing, Mr.Ambrosio suggested that the Board may be legally prohibited from implementing some or all of these programs until a new program administrator is retained, since the Treasury Department is prohibiting changes to the present market manager contracts to accommodate programs that have not yet been implemented. Public Hearing Transcript at 20. OCE needs to clearly explain the specific rationale behind proposed budget eliminations for these programs. If OCE is legally prohibited from implementing specific programs at this time, it should say so clearly. Otherwise, if the reason for the proposed budget elimination is lack of launch of program, Rate Counsel suggests OCE consider launching these pilots as soon as possible. The current market managers are scheduled to operate their programs for an additional ten months, during which time the underserved energy efficiency markets targeted by these programs would remain underserved. If there is any issue about launching these programs because there is limited time available until the new program administrator replaces the current administrators, OCE should state this and make sure that these programs are funded and carried out under the new administrator. If the proposed budget eliminations are due to lack of participants, OCE needs to provide more detailed explanation. There are many approaches to increase participation. For example, the OCE could provide higher incentives to jumpstart the pilot program just as it proposed to do for the Local Government Energy Audit (LGEA) where it focused on smaller schools. Alternately, OCE could provide increased incentives to attract more participants, such as was done with the school lighting program.

- **Direct Install Program**: Based on the TRC's presentation at the July 19, 2012 EE Committee meeting, Rate Counsel does not understand OCE's proposal to increase the budget only for the Direct Install Program. Further explanation would be required in order to evaluate whether OCE's budget proposal for the Direct Install program is justified.

D. Other EE Programs

For other EE programs, OCE proposed to increase the budget for Green Jobs and Building Code Training by 147%, and to eliminate the budget for the New Financing

Programs (See Table 5 below). These significant changes should be further explained by OCE.

Table 5. Proposed C&I EE Budget Cuts[6]

Other EE Programs	Original 2012 Budget	New Budget Proposal in 2012	Funding Cut or Increase
Green Jobs and Building Code Training	$195,430	$482,957	147%
Competitive Grant-Loan Solicitation	$0	$0	n/a
Sustainable Jersey	$870,000	$1,189,851	37%
New Financing Programs	$20,000,000	$0	-100%
Sub Total Other Energy Efficiency Programs	$21,065,430	$1,672,808	-92%

IV. Other Issues

The NJCEP budget included funding in support of the Clean Power Choice ("CPC") program, which allows electric users to purchase electric power for renewable sources. The NJCEP budget includes reimbursement of costs incurred by the EDCs to implement this program, such as EDI vendor costs. In the budget spreadsheet available for public comment, CPC program budget is unchanged at $32,400, with no additional funding in 2013. However, based on an email from OCE on September 4, 2013, OCE is now proposing to "delete the funding for the clean power choice program to the EDCs." If the costs now supported by the NJCEP budget are shifted to the EDCs, the EDCs may seek to recover the costs from ratepayers. Rate Counsel opposes any change that could result in these costs being passed through to ratepayers. CPM costs should continue to be funded through the NJCEP budget.

[6] Developed based on the data in "Revised 2012 EE Budget" worksheet in "Copy of 2012-2013 draft budget 8-24-12noSEO$.xlsx" file, circulated by OCE on August 28, 2012

CONCLUSION

For the above reasons, Rate Counsel believes OCE's budget proposal requires revision or does not provide sufficient supporting information. A more complete description of OCE's budget revision process, and detailed explanations of and support for the proposed budget changes, would be required to ensure meaningful public comment and effective budgeting. Rate counsel also urges consideration of the specific concerns detailed above.

EXHIBIT 1

Budget Shortfall Based on 2011 Annual Spending Rate

Sources of Funds	
2012 Board Order Amounts Excluding Estimated Carryover from 2011	$327,698,816
Estimated Carryover from 2011	$270,925,314
2012 Budget From 12/20/11 Board Order, Includes Estimated Carryover from 2011	$598,624,130
Additional Carryover + Additional Interest	$49,438,157
Original 2012 Budget plus Total Carryover from 2011	$648,062,287
2013 funding (6 months)	$194,804,019
TOTAL Original 2012 Budget + Carryover from 2011 + 2013 Funding	$842,866,306
Use of Funds	
Legislative Action Appropriation	($331,500,000)
Remaining Funds After Leg. Action Appropriation, For Programs through June 2013	$511,366,306
Spending through June 2012 (6 months) Including Commitments	($231,423,852)
Remaining Funds Available for July 2012 - June 2013 Programs	$279,942,454
Potential Budget Shortage for Program Funding at Status Quo Rates of Spending	
One-Year Board Amounts Excluding Carryover (based on 2012 Order)	$327,698,816
Budget "Shortage", Equal to One-Year Rate of Expenditure minus Funds Available	($47,756,362)

New Jersey
Natural Gas

VIA ELECTRONIC MAIL

September 12, 2012

Ms. Kristi Izzo, Secretary
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

IN THE MATTER OF THE COMPREHENSIVE
ENERGY EFFICIENCY AND RENEWABLE
ENERGY RESOURCE ANALYSIS FOR THE
2009-2012: 2012 PROGRAMS AND BUDGETS
COMPLIANCE FILINGS:
DOCKET NO. EO11100631V

Dear Ms. Izzo:

New Jersey Natural Gas ("NJNG") has reviewed the August 17, 2012 package of draft documents associated with the revision of the 2012 New Jersey's Clean Energy Program ("NJCEP") budget to establish a new 2012-2013 budget and make some related programmatic changes. NJNG also participated in both the public hearing held on September 7, 2012 and the NJCEP Energy Efficiency ("EE") Committee meeting held on September 10, 2012 where revised proposals were presented by the NJCEP Market Managers. NJNG appreciates the Board of Public Utilities (Board) effort to obtain stakeholder input on plans for revised 2012-2013 NJCEP spending and programming. NJNG recognizes that balancing the mix of clean energy programs and budgets to effectively serve the needs of New Jersey residents and businesses and align with policy priorities from the state's Energy Master Plan ("EMP") is a challenging task, especially as the Board is seeking to transition to a new administrative structure. NJNG would like to submit comments on the following key areas.

Comfort Partners Budget

NJNG is pleased to see the continued strong commitment to the Comfort Partners program. Since the utilities use this program to target low income customers with the highest energy burdens, it provides the opportunity to generate significant on-going savings for all customers by reducing the level of recurring financial assistance needed by low income customers through the Universal Service Fund ("USF"), which is also funded by the Societal Benefits Charge. That serves to reduce the overall USF costs covered by New Jersey energy ratepayers.

Combined Heat & Power ("CHP")

NJNG appreciates the proposal's continued support for the CHP programs. Given the financial commitment a private company must make for a CHP installation and the lead time required for such decisions, it is critical to maintain stability in the marketplace if the state is going to get on track to achieve the 1500 MW goal stated in the EMP.

Furnace Incentives

While the original proposal suggested the elimination of the standalone furnace incentives as of January 1, 2013, NJNG notes that the subsequent presentations at the public hearing and energy efficiency committee meeting reflected a proposal that would continue furnace incentives. NJNG commends Office of Clean Energy ("OCE") staff and the Market Managers for revisiting this aspect of the original proposal. NJNG strongly believes that it would have been detrimental to customers, the marketplace, and other NJCEP programs to eliminate the furnace standards as of January 1st. Given our implementation efforts for energy efficiency programs managed through The SAVEGREEN Project®, which complements both the NJCEP WARMAdvantage and Home Performance with ENERGY STAR ("HPwES") programs, we are very close to the program details and customer and contractor feedback on the program. In fact, our team of NJNG auditors has performed more than 16,000 BPI-standard home energy audits. Given that experience, NJNG would like to share thoughts on the new furnace standard, the broad contractor base for furnace installations, the potential impact of waiver provision, customer reaction to incentives, and the proposed new path that would focus on combination installations.

New Furnace Standard

While the new US Department of Energy ("DOE") furnace standard will require all new gas furnace installations to have a 90% Annual Fuel Utilization Efficiency ("AFUE") rating, essentially a condensing furnace. This new standard is currently scheduled to be effective May 1, 2013; however, there is still considerable uncertainty in regard to the potential for a waiver provision to exist. In February of 2012, a joint stakeholder group submitted a proposal to DOE that would allow for a waiver from this minimum efficiency standard to be granted under certain conditions. This stakeholder group included Air Conditioning Contractors of America ("ACCA"); Alliance to Save Energy ("ASE"); American Council for an Energy-Efficient Economy ("ACEEE"); Appliance Standards Awareness Project ("ASAP"); Consumer Federation of America ("CFA"); National Consumer Law Center ("NCLC"); Natural Resources Defense Council ("NRDC"); Plumbing-Heating-Cooling Contractors-National Association ("PHCC"), and the American Gas Association ("AGA"). While DOE has not yet responded to this proposal, the industry believes it is receiving serious consideration due to the broad range of membership that supported the proposal. In addition, the Air Conditioning, Heating and Refrigeration Institute, requested a delay in the implementation of the standard if DOE did not provide further clarity regarding implementation by July 15th of this year, which did not occur. Given these open issues: the possibility of a waiver provision and the potential for the delay in implementation, it is not a foregone conclusion that an NJCEP furnace program would only be influencing a decision between a 90 AFUE rating and a 95 AFUE rating with a minimum 2% fan efficiency. But rather there is the potential that an 80 AFUE rating will still be a consumer consideration for the period beyond May 1, 2013.

Broad Contractor Base

An 80 AFUE furnace is definitely a consumer choice through April 30, 2013 and there is a very broad base of contractors that serve this market. Unlike the concentrated pool of approximately 150 current HPwES contractors as identified on the NJCEP website, this is a very wide contractor market. There are thousands of contractors statewide that may participate in the WARMAdvantage program, but are not necessarily engaged with NJCEP or with energy efficiency. Approximately 80% of participating HVAC contractors participating in NJNG's SAVEGREEN Project have submitted less than 10 rebates for high-efficiency installations- a clear indication that it is a much harder population to reach despite continued outreach efforts. Many of these contractors are much smaller operations without a true backoffice administrative support. Some don't even use e-mail. NJNG understands it is a contractor's responsibility to be aware of changing standards and program incentives, but notes that making a change in incentive eligibility in advance of the standard would likely have led to increased confusion in the marketplace and potentially numerous customer satisfaction issues if customers get caught in the middle.

Incentives influencing customer purchase decisions

Furthermore from our direct outreach with customers, we know that having incentives is a significant influencing factor in addressing equipment replacement. In the absence of an incentive, many customers may seek to prolong the life of their equipment with "band-aid" repairs to keep their less efficient equipment limping along on life-support rather than undertake a proactive replacement. This would have affected economic activity for this broad base of contractors and energy savings that could be achieved by NJCEP.

New proposal for a combination incentive

NJNG strongly urges implementation of the proposed incentive for furnace installations that are combined with the installation of a high-efficiency water heater.

This shift to an emphasis on combination installations would provide a number of benefits that strongly align with EMP policy directions. A focus on combination installations would:

- **Address health and safety concerns.** Earlier this summer staff members of the BPU, Rate Counsel and the Market Managers were briefed by technical experts on the back-drafting considerations when a condensing furnace is installed without testing and without addressing the impact on the existing water heater- often referred to as an "orphaned water heater". Setting up an incentive structure that encourages combination installations should create less "orphans" in the first place and help reduce the number of premises where a health or safety issue may be present or could occur.

- **Make the combination installation more affordable to a wider segment of customers.** While there is a significant incremental cost of a high efficiency furnace installation, the added burden of addressing the water heater situation is something most homeowners did not expect and may not be willing to take on, especially in the absence of any incentive.

- **Increase contractor awareness and enhance their ability to sell the combination installation.** Communicating the change in approach to incentives will help to raise the awareness level with the broader contractor base and make it easier for contractors to explain the importance of addressing both pieces of equipment at the same time to the customer. Having the state essentially reinforce the importance of combination installations may help alleviate misplaced customer concerns that a contractor might just be trying to upsell the project.

- **Advance the "whole-house" energy efficiency approach**: This combined installation can be the first step in the path to whole-house energy efficiency. In fact, the DOE is planning fundamental modifications to the general framework for the HPwES program to accommodate contractors setting homeowners on a path to energy efficiency if they can't accommodate a comprehensive whole house makeover at once.

- **Increase energy savings and contractor economic activity.** By addressing both pieces of equipment up-front, the customer and the NJCEP program would see a greater level of energy savings. Plus, contractors would have the benefit of a larger project which helps support or at least sustain job creation.

Again, NJNG wishes to express support for the revised NJCEP proposal presented at the hearing and EE meeting, that would maintain a standalone furnace incentive and would established a new combination incentive because it also represents the best opportunity to advance the "whole house approach" to energy savings. Our SAVEGREEN Project was established with the basic philosophy of trying to leverage equipment replacement decisions as an opportunity to advance the whole house approach. With input from BPU staff and Rate Counsel, NJNG has refined that approach over the past few years and are now seeing recent increases in activity due to a more concentrated approach on pulling customers into HPwES and through some process improvements designed to remove barriers for customers or influence their decision making process. Maintaining a standalone furnace incentive and establishing a combination equipment program still represent a huge opportunity to growing the whole house market. The seal-up elements of those projects, not only provide the opportunity for customers to upgrade to a whole-house energy efficiency project, but are a great opportunity for job growth.

New Jersey Natural Gas is grateful to have had the opportunity to share our thoughts on these proposals. Please contact me if you have any questions or need additional information regarding our comments.

Sincerely,

Anne-Marie Peracchio

Anne-Marie Peracchio
Director- Conservation and Clean Energy Policy

Cc: Marybeth Brenner, BPU
Elizabeth Ackerman, BPU
Michael Winka, BPU
Michael Ambrosio, AEG
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September 12, 2012

Kristi Izzo
Secretary of the Board
Board of Public Utilities
State of New Jersey
44 S. Clinton Avenue
Trenton, NJ 08625

Re: Notice of New Jersey Clean Energy Program Budget Reductions

Dear Secretary Izzo –

These comments are submitted on behalf of Veolia Energy North America ("Veolia"). Veolia is one of the leading clean energy and environmental services companies in the world and is the parent company of Veolia Energy Trenton (formerly known as Trigen Trenton Energy Company), the owner operator of the Trenton Combined Heat and Power Facility and District Energy System serving the State House and many of the state office buildings in the Capitol District.

Initially, Veolia commends the Board for its continuing recognition of the great value and multiple benefits that Combined Heat and Power (CHP) can provide to New Jersey and its residents. As the Board full knows, these benefits have been recognized by numerous authorities – including most recently the White House in its Executive Order of August 30, 2012[1] setting a national goal of deploying 40 GW of new, cost effective industrial CHP in the United States by the end of 2020, an increase in total CHP capacity in the U.S. by 50 percent in less than a decade. In support of the Executive Order, the US Department of Energy and Environmental Protection Agency released this month an important new report, "Combined Heat and Power: A Clean Energy Solution,"[2] which outlines economic, environmental and energy security advantages of CHP, including saving energy users $10 billion a year compared to current energy use; saving one quadrillion Btus of energy — the equivalent of 1 percent of all energy use in the U.S. and reducing emissions by 150 million metric tons of CO2 annually — equivalent to the emissions from over 25 million cars.

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[1] http://www.whitehouse.gov/the-press-office/2012/08/30/executive-order-accelerating-investment-industrial-energy-efficiency

[2] http://www1.eere.energy.gov/manufacturing/distributedenergy/pdfs/chp_clean_energy_solution.pdf

While we recognize the sober fiscal reality that has dictated the recent NJ Clean Energy Program Budget reductions in order to meet short term budget shortfalls, we are hopeful that Combined Heating and Power will continue to grow in New Jersey - even at these reduced funding amounts. Notwithstanding, Veolia believes strongly that the State must not reduce these levels further if we expect to maintain momentum and accomplish the long-term NJ Energy Master Plan goal of installing 1500 MW of CHP in order to lower energy costs and emissions in the State of NJ.

With respect to the difficult task of allocating future limited funds towards the array of Clean Energy Programs, our recommendations are for the State to focus on those programs with the biggest bang (see above noted benefits) for the buck. These lead to favoring energy efficiency over renewables, to favoring large CHP (>1MW) over small CHP, to favoring C&I supply-side energy efficiency/CHP programs and to favoring grant monies over loans.

Thank you for your consideration of our comments.

Very truly yours,

L.W. Plitch

Lawrence W. Plitch
Director, Government Affairs
Veolia Energy North America

Deborah Petrisko

From:	Plitch, Larry [lplitch@veoliaenergyna.com]
Sent:	Wednesday, September 12, 2012 4:31 PM
To:	publiccomments@njcleanenergy.com
Subject:	Notice of New Jersey Clean Energy Program Budget Reductions
Attachments:	Letter to BPU Final.doc

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September 12, 2012

Via ELECTRONIC AND REGULAR MAIL
The Honorable Kristi Izzo
Secretary of the New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625
publiccomments@njcleanenergy.com

Re: New Jersey Clean Energy Program Budget Reduction Proposal

Dear Secretary Izzo:

On behalf of Bloom Energy Corporation ("Bloom" or the "Company"), we would like to comment on the New Jersey Board of Public Utilities' ("Board's") Clean Energy Program ("CEP") budget reduction proposal ("Proposal") for the Fiscal Year ending on June 30, 2103 ("FY 2013"), and in particular the Small CHP/Fuel Cell Proposed Program Modifications. Although Bloom supports the overall amount of funding that the Proposal is allocating towards the Small CHP/Fuel Cell Program, Bloom is seriously concerned about the proposed reduction of the incentive cap from $2 million per project to $1 million per project at this critical moment in the Company's effort to deploy its technology in New Jersey.

The Bloom Energy Server is a breakthrough solid oxide fuel cell technology that generates clean, reliable, and highly-efficient power onsite. Each Bloom Energy Server generates 200kW of electricity, and most projects fall into the 400 kW – 1 MW size range. With the support of the New Jersey Clean Energy Small Fuel Cell Program, there is growing demand in the state for Bloom Energy's solid oxide fuel cells from customers, including manufacturing facilities, office buildings, grocery stores and warehouses, who desire an inherently reliable and environmentally-friendly distributed power generation solution, but may not have the thermal requirements necessary to support a Combined Heat & Power ("CHP") alternative.

The proposed reduction in the per project cap will have the un-intended effect of creating a disincentive for New Jersey businesses to install fuel cell projects greater than 333 kW, the point at which they will have reached the maximum incentive under the Proposal.[1] The result will be an incentive program that favors smaller projects and disfavors projects in the very range of project sizes in which Bloom Energy is primarily focused in New Jersey. If the $2 million cap is maintained in FY 2013, customers will be able to choose clean and reliable on-site power that matches their electric demand, irrespective of whether it is 10kW or 999kW. These economic efficiencies will incentivize more customers to employ the clean energy technologies that best meet their needs, which, in turn will increase competition, drive down prices, and encourage greater and more diverse participation in the Small CHP/Fuel Cell Program.

Importantly, the imposition of a $1 million project cap is unnecessary for the purpose expressed by Staff at the public hearing - to steer projects over 1 MW towards the Large CHP/Fuel Cell program - because the Small CHP/Fuel Cell program has already been limited to systems less than or equal to 1 MW effective July 23, 2012. The addition of a new $1 million project cap within the Small CHP/Fuel Cell program will create a "dead zone" between 333kW

[1] As the Small CHP/Fuel Cell Program is based on a payment of $3000/kW, all projects would reach the maximum incentive of $1 million at 333 kW.

and 1MW that will deprive New Jersey energy consumers of their ability to pick the most appropriate power generation from a level playing field.

In conclusion, Bloom is encouraged by the increased customer demand it has witnessed since the Board launched the Small CHP/Fuel Cell Program earlier this year and believes that the number of projects under 1 MW will continue to increase so long as the key elements of the Program, including the $2 million project cap, are maintained. By limiting the incentive cap to $1 million the Board will reverse the gains that have been made in amount and diversification of fuel cell customers and their positive effects on New Jersey's energy efficiency and greenhouse gas reduction goals. Please do not hesitate to contact me should you have any questions or concerns.

Very truly yours,

Murray E. Bevan /KMD

Murray E. Bevan

Deborah Petrisko

From: Eric DeGesero [edegesero@fmanj.org]
Sent: Wednesday, September 12, 2012 3:59 PM
To: publiccomments@njcleanenergy.com
Cc: 'John Donohue'
Subject: NJBPUs' Office of Clean Energy (OCE) Straw Proposal for the Proposed Budget Revisions & Program Changes

Fuel Merchants Association of New Jersey

66 Morris Avenue, Suite 1B, Springfield, New Jersey 07081
973-467-1400 Fax: 973-467-4066
www.fmanj.org

September 12, 2012

TO: NJBPU President Hanna and NJBPU Commissioners

FROM: Eric DeGesero, Executive Vice President

RE: NJBPUs' Office of Clean Energy (OCE) Straw Proposal for the Proposed Budget Revisions & Program Changes

Members of the Fuel Merchants Association of New Jersey (FMA) distribute fuel oil and also provide HVAC services, many participate in both the *WARMAdvanatge* and Home Performance with Energy Star (HPwES) Programs.

FMA's comments relative to the New Jersey Board of Public Utilities' Office of Clean Energy (OCE) straw proposal for the proposed budget revisions and program changes are focused on the three following matters:

1. Boilers

2. Rebates for heating oil equipment funded through federal State Energy Sector Partnership (SESP) Grants

3. Oil Furnaces

4. Expansion of the boiler reset control to a market which is broader than simply the Home Performance with Energy Star (HPwES)

Boilers

The OCE straw proposal references the elimination of the *WARMAdvanatge* and *COOLAdvantage* rebates for furnaces and air conditioners. The justification for this is the change in the minimum federal standards which take effect for gas furnaces on May 1, 2013 (so why is the change on January 1, 2013?)

However, the proposal is silent relative to whether the program will continue for boilers.

Boiler standards were not changed by the US Department of Energy (DOE) from the 2007 adoption to the 2011 adoption (gas furnaces were). Boilers are a significant heating source in New Jersey and throughout the Northeast.

FMA believes the WARMAdvantage program for boilers should remain in place as there continues to be a need to incentivize the purchase of higher efficiency systems.

Rebates through SESP Grants

FMA has worked collaboratively with the OCE staff for years to make energy efficiency incentives available to customers whose heating needs are not served by non-investor owned utilities (IOU).

To this end heating oil equipment incentives have been made available first through American Recovery and Reinvestment Act (federal stimulus) dollars and more recently State Energy Sector Partnership (SESP) grants funded through the US Department of Energy (USDOE).

A portion of these funds are distributed through the OCE via the *WARMAdvantage* Program.

FMA is concerned that this change means customers of non-IOUs will lose their ability to participate in energy efficiency measures even though they participate through funds which ***are not*** collected by the New Jersey Clean Energy Program and therefore not subject to these cuts.

Specific to the above point relative to boilers: through the end of 2011 67% of *WARMAdvanaatge* participants who are customers of non-IOUs were heating oil customers and of this 90% of the rebates were for boilers.

The only thing that would happen should the Board decide not to utilize these monies is they would be returned to the USDOE.

Oil Furnaces

FMA believes that not only should boilers for all fuels continue in the *WARMAdvantage* Program but oil furnaces should continue at the current 85% AFUE minimum as the new USDOE standard for oil furnaces is 83%.

Boiler Controls

FMA believes that the primary objective of the OCE should be to promote energy savings. The straw proposal agrees with this when it lists energy savings as one of the important criteria it is basing the program on.

One of the most inexpensive and immediate energy saving retrofits is a control which can be installed even on newer boilers (the control is mandated on all boilers manufactured after September 1, 2012) is a control which adjusts the water temperature circulated through the baseboards.

On a cold day in November or March there is no need to heat water to 180*F to circulate through baseboards, the house will be at its regular level of comfort with water at 120*F. Save the 180*F water for cold days in December, January, and February.

Some manufacturers of these controls such as Beckett and Intellydyne guarantee 10% in energy savings with anecdotal field information showing even higher savings.

The OCE recognizes the importance of this control and incorporated into the HPwES. However, if a HVAC replacement is being done the odds are the new boiler has the control already and customers should be educated to the fact that they can yield big energy savings without having to spend a lot of money to install a brand new system when the pretty new existing system with this control will get them a long way to the same place for a lot less money.

A lot of "low hanging energy conservation fruit" is being left unpicked by not incentivizing its installation.

UTC Power Corporation
195 Governor's Highway
South Windsor, CT 06074

STATE OF NEW JERSEY

BOARD OF PUBLIC UTILITIES

PROGRAM CHANGES TO THE SMALL FUEL CELL/COMBINED HEAT AND POWER PROGRAM

COMMENTS OF UTC POWER

I. Introduction

UTC Power ("UTCP") is a United Technologies company located in South Windsor, Connecticut, and employing 390 people in the development, design, production and service of fuel cell technology for use in stationary, transportation, and space and defense applications. UTC Power has been installing and operating stationary fuel cells since the early 1990s, continually proving the technology to be world class in reliability and durability, and environmentally necessary. In addition to their environmental benefits, fuel cell technologies reduce the strain on the electric grid, increase energy reliability and security, and lessen the amount of costly transmission infrastructure that would otherwise be required to meet renewable portfolio standards. We appreciate the opportunity to comment on the small fuel cell and combined heat and power program in the state of New Jersey.

We offer the following public comments with regard the program requirement changes for the small fuel cell/combined heat and power (FC/CHP) program, dated August 30th, 2012, written by the New Jersey Board of Public Utilities in conjunction with the Applied Energy Group.

II. Comments

A. Fuel cell projects should be eligible for the full incentive amount for lease terms of at least ten (10) years

a. Program discrepancy between leased vs. purchased equipment

The small fuel cell/combined heat and power program requirements located on the New Jersey clean energy website suggest there is a difference in requirements

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between equipment that is purchased and equipment that is leased. It appears the only requirement for purchased equipment to receive the full incentive is a five (5) year, all inclusive warranty. In stark contrast, for leased equipment to receive the full incentive amount, the lease agreement must be in place for ten years longer than the equipment warranty requirement.

An equipment warranty for 5 years is commendable and needed in order to ensure projects remain operational after installation. However, reducing the incentive by 33% for leased projects that do not meet the 15 year minimum lease requirement is contradictory to the requirements for purchased equipment. Lease agreements remain more prevalent than purchases for clean technology in today's market due to capital equipment costs. Therefore, the proposed incentive reduction would significantly reduce the number viable fuel cell installations in the State of New Jersey.

b. **Reduced incentive leads to reduced cumulative savings for customers**

Customers seeking to install clean energy projects often consider a variety of options before making a final decision. The degree of "clean" for each project is typically very important. However, the financial viability of the project ultimately drives the type of technology chosen. Stationary fuel cells operating on natural gas offer the cleanest and most efficient ways to utilize natural gas for the production of electrical and thermal energy.

The proposal circulated by the New Jersey Board of Public Utilities suggests reducing the incentive amount for fuel cell projects by over 6% per year when the lease is less than fifteen (15) years. This means for a fuel cell project with a 10 year lease, the total incentive is reduced by 33%. An incentive reduction of this proportion can create financially unattractive proposition for almost any end user in the State of New Jersey. The cumulative savings for a customer who only receives 66% of the full incentive on a 10 year lease is reduced by the same 66% over the life of the lease. A significant reduction in savings over the life of the project typically causes customer

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to entertain alternative options, cutting fuel cells out of many opportunities in New Jersey.

Additionally, the proposal to reduce the maximum incentive per fuel cell/CHP project from $2 million dollars to $1 million dollars further aggravates the financial situation for fuel cells in the State. Given the potential 66% cumulative savings reduction for fuel cell projects with 10 year leases, if both proposals are approved, the combination of the two will most likely eliminate the possibility of installing fuel cells in New Jersey.

c. **Examples of other state fuel cell programs with requirements of 10 years or less**

Fuel cell programs in other states, most notably New York and California, do not have any lease or warranty requirements beyond 10 years.

In New York, NYSERDA has a minimum warranty requirement of 3 years, which equates to the payout schedule of their performance based incentive. Despite this short warranty term, most of the lease agreements provided to New York end users by UTC Power have terms of 10 years due to our industry-leading cell stack design life of 10 years.

In California, the Self-Generation Incentive Program (SGIP) has a minimum warranty requirement of 10 years with no lease term requirement. Absent of a lease requirement, the equipment warranty term essentially determines the lease term for the project; if the warranty on the equipment is 10 years, a 10 year lease term for the equipment would make sense as well.

Per the above state incentive programs, the maximum equipment lease or warranty term is 10 years, allowing for more opportunities to develop fuel cell projects within the given state. A shorter lease term can help all fuel cell OEMs. The fewer cell stack replacements required during the term of the lease, the less expensive the project –

which could lead to more project development in New Jersey if this shorter lease term is adopted.

III. Conclusion

Thank you for the opportunity to comment on the requirements for the small fuel cell/combined heat and power program. We would be pleased to provide you with additional information or clarification as needed.

Respectfully Submitted:

By: ______________________

Lisa C. Ward
Government Business Development
UTC Power
195 Governor's Highway
South Windsor, CT 06074
Phone: 860-371-4182
Email: lisa.ward@utcpower.com

September 12, 2012

UNITED STATES CLEAN HEAT & POWER ASSOCIATION

September 12, 2012

Kristi Izzo
Secretary of the Board
New Jersey Board of Public Utilities
44 S. Clinton Avenue
Trenton, NJ 08625

RE: New Jersey Clean Energy Program Budget Reduction Proposal

Dear Ms. Izzo:

The U.S. Clean Heat & Power Association (USCHPA) appreciates the opportunity to provide comments on the Office of Clean Energy's straw proposal for proposed budget revisions in 2012.

USCHPA is the voice of combined heat and power in the USA. The organization is a 501(c)(6) trade association with members that include manufacturers, suppliers, and developers of combined heat and power (CHP) systems, many of whom have existing facilities and/or projects in development in the State of New Jersey. Currently supplying twelve percent (12%) of U.S. energy capacity, CHP systems can reach efficiencies above eighty percent (80%). There is approximately 82 GW of CHP installed in the U.S. and industry estimates indicate the technical potential for additional CHP at existing sites in the U.S. is approximately 130 GW (plus an additional 10 GW of waste heat recovery CHP). USCHPA and its members have a vested interest in ensuring the incentives available for CHP investment in the State of New Jersey are preserved.[1]

We support continuance of the small and large CHP/Fuel Cell programs at the levels proposed in the straw budget.[2] CHP brings benefits to all ratepayers and citizens of New Jersey by:

- Reducing demand at the load node which will result in lower capacity payments;
- Lowering the cost of energy for the CHP owner resulting in increased competitiveness and job retention;
- Reducing emissions for reduced healthcare costs for all citizens;
- Increasing reliability to benefit all ratepayers; and
- Directly providing construction, engineering and operations jobs.

These benefits are recognized in the NJ Energy Master Plan (EMP)[3], by the U.S. Department of Energy, the U.S. Environmental Protection Agency and most recently by the White House,

[1] U.S Clean Heat & Power Association, www.uschpa.org.
[2] Public Notice, August 17, 2012, http://www.njcleanenergy.com/files/file/program_updates/Public%20notice%20budget%20reduction%20-%20Clean%20Energy%209-7-12-a.pdf.

whose recently released Executive Order calls for an additional 40 GW of CHP by 2020 to support industrial competitiveness[4].

We must recognize that the CHP industry benefits markedly from stimulus as has been recognized by many states including NY, CT, MA, MD, CA and TX among others.[5] The Economic Development Authority's (EDA) Retail Margin Fund program which was ultimately cancelled saw approx. 136 MW of CHP applications and the recent "American Recovery and Reinvestment Act" funded CHP program run by EDA resulted in 38 MW of new CHP capacity.[6] Projects are 15 to 20 year investments and can take 2 to 3 years to develop so that initial uptake of new programs can be slow and 1-year programs will not spur the level of development necessary to build the industry. The industry needs a consistent multi-year grant based program in order to spur the type of growth that is necessary for New Jersey to capture the advantages outlined above. Loan programs on their own have not and will not work to stimulate CHP development.

We do appreciate the BPU's continuing open dialogue on program development and implementation and encourage continuation of this work. We recognize the necessity to reduce program budgets but support continuance of the small and large CHP programs at levels no less than is suggested in the straw budget. These reduced budgets are sufficient to maintain industry momentum but it is vital that we *do* maintain momentum. Further cuts or interruptions to CHP programs could result in dissolution of the industry, an inability to meet EMP goals, higher energy costs and higher emissions.

Respectfully submitted,

Jessica H. Bridges

Jessica H. Bridges CAE IOM
Executive Director

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[3] "The Christie Administration is committed to developing 1,500 MW of new DG and CHP resources where net economic and environmental benefits can be demonstrated," New Jersey Energy Master Plan, page 5, http://nj.gov/emp/docs/pdf/2011_Final_Energy_Master_Plan.pdf.

[4] "Executive Order - Accelerating Investment in Industrial Energy Efficiency", the White House, August 30, 2012, http://www.whitehouse.gov/the-press-office/2012/08/30/executive-order-accelerating-investment-industrial-energy-efficiency.

[5] See www.epa.gov/chp and "Renewable Portfolio Standards Fact Sheet", EPA CHP Partnership, http://www.epa.gov/chp/state-policy/renewable_fs.html.

[6] See "SIX COMBINED HEAT AND POWER PROJECTS APPROVED BY EDA" for details of some funded projects, December 3, 2010, http://www.njeda.com/web/aspx_pg/Templates/Press_Rls.aspx?topid=721&Doc_Id=1371&ParentDocID=164.

105 North Virginia Avenue, Suite 204, Falls Church, VA
Phone: 703.436.2257 • Email: info@uschpa.org
www.uschpa.org

Solar Turbines
A Caterpillar Company

Solar Turbines Incorporated
9300 Sky Park Court
San Diego, CA 92123

September 12, 2012

New Jersey Board of Public Utilities
44 S. Clinton Avenue
Trenton, NJ 08625

RE: New Jersey Clean Energy Program Budget Reduction Proposal

Dear Secretary of the Board,

Solar Turbines is a San Diego based manufacturing company with 4000 employees in California and over 8,000 employees worldwide. Solar Turbines is also the largest manufacturer of industrial gas turbines in its size range, is one of California's largest industrial exporters, and is a key global player in the combined heat and power (CHP) market.

We appreciate the opportunity to provide comments on the Office of Clean Energy's straw proposal for budget revisions in 2012. Solar Turbines supports continuance of the small and large CHP/FC programs at the levels proposed in the straw budget. CHP brings benefits to all ratepayers and citizens of New Jersey by;

- Reducing demands on the grid
- Lowering the cost of energy for the CHP users resulting in increased competitiveness and job retention
- Reducing emissions
- Increasing power reliability for all ratepayers
- Directly providing construction, engineering and operations jobs

These benefits are recognized in the NJ Energy Master Plan and are also recognized by the DOE, EPA, and most recently the White House in the form of an Executive Order encouraging the addition of 40GW of CHP by 2020.

It is important to recognize that CHP deployment programs are providing benefits in many states including NY, CT, MA, MD, CA and TX. It is also important to note that CHP projects are 15 to 20 year investments and can take 2 to 3 years to develop. Initial uptake of new programs can be slow and 1-year programs will not spur the level of development necessary to build the industry. The industry needs a consistent multi-year grant based program in order to spur the type of growth that is necessary for NJ to capture the advantages outlined above.

We commend the BPU's open dialogue on CHP program development and encourage continuation of this work. Solar Turbines supports continuance of the small and large CHP programs at levels no less than that outlined in the straw budget.

Sincerely,

Joe Allen

Joseph W. Allen
Director of Government Affairs
Solar Turbines Incorporated

Testimony Presented by the New Jersey Business Council for Clean Energy

Submitted to the NJ Board of Public Utilities

September 7, 2012

President Hannah and Board Members,

On behalf of our 135 member companies thank you for giving us the opportunity to participate in this hearing and to share with you our thoughts. We are Richard Gannon and Michael Torpey and serve as Co-Executive Directors of the NJ Business Council for Clean Energy. The NJBCCE is a diverse organization comprised of firms participating in all aspects of the clean economy. Among our members are photovoltaic manufacturers, installers, designers and developers, some of the most prominent and active engineering firms in the state as well as LED companies, wind power manufacturers and development firms and HVAC contractors. Our umbrella is large enough to even have a methane recovery company as a member.

NJBCCE is a network of New Jersey businesses and business leaders who are finding practical solutions to the significant hurdles our country and state face in meeting the growing energy needs of consumers through clean energy and energy efficiency. NJBCCE supports business friendly approaches that will create pathways of innovation and set clear market signals that will lead to job creation and grow New Jerseys economy.

NJBCCE is the premier network of businesses and business leaders advancing renewable energy and energy efficiency technologies through effective communications, broad advocacy and business development.

The guiding principles that support our goal of transitioning to a clean energy economy are:

- Market-based solutions for the production of renewable energy and energy efficiency
- Positioning New Jersey as a world-leader in the development, manufacturing and installation of clean energy and energy efficiency technologies
- Creating pathways of innovation and opportunities for new market entry
- Developing a robust and viable workforce, ready to meet the needs of the clean energy economy
- Reducing our dependence on foreign fuels and improving energy security

Our members employ thousands of New Jerseyans in well paying jobs that require training and skill. The contribute payroll taxes, corporate taxes and in turn income taxes by their employees. NJBCCE member companies play a vital role in New Jersey and should play a vital role in the state's future as well.

There is no question that New Jersey has created a basket of incentives spread among the NJ Economic Development Agency, the Department of Labor and the Board of Public Utilities that serve to attract companies in the green economy. Such programs as the Edison Innovation Green Growth Fund are but a starting place. Other states: California, Oregon and even Tennessee have developed even more aggressive and creative ways to attract clean tech firms.

Our state can be a national model as the world diversifies their energy sources and moves toward a clean energy economy. But it will take vision, bold ideas and leadership to achieve this. Given the outstanding NJ institutions of higher learning that are training the next generation of engineers and scientists, there is much to make NJ an attractive place to locate and grow companies. While we appreciate the need to review these programs so that they achieve the greatest economic benefit, we are concerned by the scope of the proposed cuts.

Here in New Jersey, we are watching the parade go by as cities across the country convert their street lights to LED technology. Los Angeles, Stamford, Seattle, Boston and San Jose are just a few of the cities in the US who have recognized the economic and environmental benefits of making this move. The Clean Energy Fund could play a significant role providing seed capital to utilities and private sector investors so that NJ cities and towns that host and pay for hundreds of thousand street lights all across the state could begin the conversion to energy efficiency technologies like LED and LEP thus saving tax payers in the long run.

Goldman Sachs predicts that by 2020 the global investment in renewable energy and energy efficiency technologies will reach $395 billion annually. This will require governments and the private sector to work in cooperation. New Jersey is poised to build on its leadership in clean technology. New Jersey has the basis on which to grow this sector of the economy. We caution that significant cuts being considered could negatively impact our members. Thank you.

CHEMISTRY COUNCIL OF NEW JERSEY

September 12, 2012

VIA ELECTRONIC MAIL
Kristi Izzo
Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, New Jersey 08625

RE: PROPOSED MODIFICATIONS TO THE NEW JERSEY CLEAN ENERGY PROGAM BUDGET FOR JANUARY 2012 THROUGH JUNE 2013

Dear Ms. Izzo:

On behalf of the nearly 70 member companies of the Chemistry Council of New Jersey (CCNJ), I thank you for the opportunity to comment on the proposed changes to the New Jersey Clean Energy Program Budget for January 2012 through June 2013.

The business of chemistry in New Jersey contributes $27 billion to the state's economy and directly employs more than 50,000 individuals. Since 2000, the high cost of energy in New Jersey has driven nearly 50,000 chemistry sector jobs to our neighboring states and across the world. In fact, New Jersey's energy costs rank as the seventh highest in the nation, and for large industrial payers, energy costs are 59% higher than the national average. As such, New Jersey's energy policies, including clean energy, are critical to the ultimate success of the state's manufacturing sector and the economy as a whole.

As you well know, the CCNJ encourages the promotion of energy efficiency in New Jersey. We are an industry that has been regularly engaged in this practice with much success. Many of our member companies produce innovative, energy-saving materials for the construction market. The Administration should continue to invest in the efficiency programs for large energy users. The return on investment in this area is well-established. To put it simply, the state's investment in energy efficiency is a sensible use of limited program dollars. Particularly, funding models that recognize the tremendous contributions that large energy users have made in supporting clean energy programs are in the best interests of the state. For every dollar invested in an energy efficiency program, it returns $11.00 in savings for the commercial and industrial payer.

Moreover, programs like the small CHP/fuel cell program, which offer incentive-based support for industry's investment in cogeneration projects, provide certainty and allow large energy users to invest the necessary capital to get CHP projects moving. We urge OCE to continue to fund these grant programs so that we can attain the cogeneration goals that the state has set and help create greater energy efficiency. In order to make the most of our resources, we must maximize energy efficiency's contribution to our energy portfolio by, among other provisions, supporting CHP and by continuing investment in proven programs like existing Commercial and Industrial (C&I) programs, which offer considerable return on investment.

CHEMISTRY COUNCIL OF NEW JERSEY

We caution that energy policies that rely on only one source of generation will drive up New Jersey's already high electricity rates, which is why it is important for OCE to promote a diverse portfolio of conventional and economically feasible renewable technologies that will help address our supply issues. We must pursue policies that promote a level playing field for all energy sources and do not prop up markets that should function on their own.

Finally, we urge you to not ignore the needs of our state's large energy users, on whose backs the SBC and OCE have been supported. The suspension of Large Energy Users Pilot could have a substantial negative impact. While not a broadly applicable program, it is very important in promoting energy efficiency and economic development in New Jersey.

Again, I thank you for the opportunity to submit comments on this important issue.

Sincerely,

Hal Bozarth

Hal Bozarth
Executive Director

South Jersey Gas

Where we put all of our energy®

John F. Stanziola
Director, Government & Regulatory Affairs

New Jersey Board of Public Utilities
Office of Clean Energy
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

To The Office of Clean Energy:

On behalf of South Jersey Gas (SJG), I would like to thank you for the opportunity to comment on the Straw Proposal for the 2012-2013 Clean Energy Program Budget. South Jersey Gas appreciates the opportunity to comment, as we believe the process the BPU has put in place provides for the valuable exchange of information which will prove to be beneficial for the Clean Energy Program and ultimately the State of New Jersey.

SJG recognizes the challenges that the Office of Clean Energy (OCE) faces in establishing programs that balance its mission of saving energy, money and the environment, against the resources available to the state's residents, business owners and local government entities. We realize the importance of your work in advancing our state's energy efficiency goals, conserving financial and energy resources, and even helping to protect the health and safety of some of the most vulnerable residents of New Jersey. To this end, we appreciate the efforts of OCE, and respectfully offer the following comments for your consideration as you work toward finalizing the2012-2013 OCE program budget.

In addition to the many other components of the current proposal the OCE has put forth, South Jersey Gas commends the commitment by the Office of Clean Energy to preserve the mission and integrity of the Comfort Partners Program. In serving 6,000 – 7,000 households each year, this program provides an incredible model for combining energy efficiency, economic development, job creation, and energy cost savings to so many of our state's residents in need. This one program makes an immeasurable difference in the lives of those collectively served by the state's utility companies.

South Jersey Gas further supports the efforts of the Clean Energy Program to fund the existing Small CHP/ Fuel Cell program, as well as the NJ Economic Development Authority's Large Scale Combined Heat and Power (CHP) program. Natural gas fired CHP systems offer users exponential improvements in energy efficiency and provides considerable savings as an alternative to the separate production of electricity and thermal energy. CHP implementation translates to lower operating costs, reduced emissions of all pollutants, increases in power reliability and enhanced power quality. CHP further provides reductions in grid congestion, as well as contributing to the State's Energy Master Plan's goal of adding 1500 MW of new DG and CHP capacity. Continuing support for CHP incentives helps ensure that New Jersey remains a leader in energy efficiency and maximizing the state's resources by incentivizing an energy efficiency alternative that can be successfully implemented by some of the largest energy users in the state.

South Jersey Gas also supports the Office of Clean Energy in its decision to continue funding the HVAC "WarmAdvantage" Program, as the OCE considers the need for a combined water heater-furnace program. This decision by the OCE underscores the role of New Jersey, as a national leader; for it recognizes the need for a program that helps protect the health and safety of our state's residence, while significantly reducing the overall costs to qualified participants of upgrading to high efficiency mechanical systems. The preservation of such an improved HVAC program will help protect homeowners from potentially harmful situations which may arise from "orphaned" stand alone traditional water heating systems. By creating this conditional two step approach to receiving a high efficiency furnace rebate, the program will serve as a programmatic best practice model, sending a strong signal to the marketplace and to HVAC contractors, that the industry can no longer view the replacement of furnaces as a stand - alone item. Moreover, this type of adjustment in the "WarmAdvantge" program will drive a greater number of contractors, and homeowners to think of their home in more interconnected fashion, which in turn, will motivate participation in whole house energy saving plans and programs.

In closing, thank you again for the opportunity to provide these comments in support of the Office of Clean Energy's recommended Straw Proposal changes to the 2012-2013 Clean Energy Program Budget.

Sincerely,

John Stanziola

John F. Stanziola
Director of Government & Regulatory Affairs
South Jersey Gas

New Jersey Business & Industry Association

September 12, 2012

TO: President Hanna, Commissioners Asselta, Fiordaliso, Fox and Holden

FR: Sara Bluhm, Vice President Energy, Environment and Federal Affairs

RE: NJCEP Budget Reductions Fall 2012

On behalf of the 22,000 member companies of the New Jersey Business & Industry Association (NJBIA), I appreciate the opportunity to share with you our comments on the New Jersey Board of Public Utilities Clean Energy Program (NJCEP) budget reductions of $331.5 million. Commercial and Industrial (C&I) Ratepayers are the majority energy consumer in New Jersey and have a vested interest in this policy discussion.

For almost a decade NJBIA has been advocating for lower energy rates in our state. Our ratepayers pay the 7th highest rates in the nation for electricity. As our businesses compete in the global marketplace, it is critical for New Jersey to lower these costs to be able to attract investment to the state.

This is clearly the reason that the first goal of the Christie 2011 Energy Master Plan is to **Drive Down the Cost of Electricity for All Customers.**

> "New Jersey's electricity prices are among the highest in the nation. For New Jersey's economy to grow electricity costs must be comparable to costs throughout the region; ideally these costs should be much closer to U.S. averages."

As NJBIA has previously advocated, we believe that the lowering of the Societal Benefits Charge (SBC) is a way to achieve the EMP stated goal. Currently, 27 percent of the electric bill is from government imposed taxes and surcharges. This does not include the increased costs that are the result of changes to our state's renewables policy such as the forthcoming OREC's, changes in SREC's, and utility efficiency programs approved by BPU. It is NJBIA's mission to reduce the cost of business in New Jersey and reducing the government imposed charges on commercial and industrial ratepayers is a top priority.

The NJCEP budget has historically carried forward a balance of its funding. Since its inception the fund balance has resulted in a surplus of hundreds of millions of dollars. Multiple administrations have redistributed the fund surplus to other state accounts instead of refunding to ratepayers or expanding energy efficiency projects. The BPU has also approved utility-sponsored programs that compete with the Clean Energy program and add additional costs to ratepayers since these programs have a built in return on investment to the utility in addition to program cost.

In examination of the NJCEP, it is clear that the SBC tax has historically been set too high, since it has produced an excess every year. NJBIA believes the SBC must be reduced to appropriate

102 West State Street, Trenton, NJ 08608-1199 • 609-393-7707 • www.njbia.org

levels that allow for a reduction in energy costs as well as still enabling energy efficiency projects to go forward.

Additionally, as NJCEP rebalances its budget, NJBIA supports directing the remaining funding towards energy efficiency for C&I Ratepayers. As funding is reprioritized, it is clear that the greatest return on investment for ratepayers money is derived from C&I energy efficiency projects, which have a greater return than residential projects.

NJBIA feels that program evaluation, metrics and benchmarking are essential to help determine a cost benefit analysis and net economic benefits test. Cutting program evaluation dollars does not help to identify ways to spend ratepayer money wisely.

NJBIA recognizes that these are difficult economic times and we look forward to working with the Board on a solution that benefits ratepayers and lowers the cost of energy in New Jersey.

Deborah Petrisko

From:	Keith Doell [keith@firstsourcecontracting.com]
Sent:	Wednesday, September 12, 2012 10:04 AM
To:	publiccomments@njcleanenergy.com
Cc:	info@njbcce.com
Subject:	Public Hearing Notice NJ Clean Energy Fund Cuts

To whom it may concern:

As a business owner of First Source Contracting LLC I have found that the NJ Clean Energy program has been a positive incentive to home owners and business owners to purchase and sell high efficiency equipment. I have personally seen the results of this program at ground zero on how the dollar incentives motivates Clients to purchase higher efficiency equipment. With that said I do not feel that any cuts in this program should be considered but rather increased to assure that the minds of Clients continue to be motivated to install high efficiency equipment and reducing their carbon imprint on the world.

Sincerely,

Keith C. Doell
Owner and CEO

FIRST SOURCE
CONTRACTING
Heating, cooling and more

201-321-2454

Visit us at: First Source Contracting .com

12 September, 2012

VIA E-MAIL

Kristi Izzo
Secretary of the Board
New Jersey Board of Public Utilities
44 S. Clinton Avenue
Trenton, NJ 08625

RE: REQUEST FOR PUBLIC COMMENT - New Jersey Clean Energy Program Budget Reductions

Dear Secretary Izzo:

Community Energy, Inc., Green Mountain Energy Company and Sterling Planet ("Clean Power Marketers") submits these Joint Comments under the *REQUEST FOR PUBLIC COMMENT - New Jersey Clean Energy Program Budget Reductions* issued on August 17, 2012.

The Clean Power Marketers thank the Board of Public Utilities (BPU) for the opportunity to comment on the proposed budget reductions and look forward to the opportunity to work with the various stakeholders throughout this process.

I. Summary of the CleanPower Choice Program

The Clean Power Marketers want to commend the BPU and the New Jersey Electric Distribution Companies ("EDCs") for working together to launch, administer and support the CleanPower Choice Program. The CleanPower Choice Program is a voluntary statewide program that allows all ratepayers to choose clean, renewable sources of energy. According to the National Renewable Energy Laboratory ("NREL"), more than 850 utilities across the United States offer green power programs similar to the CleanPower Choice Program. These voluntary programs offer retail electricity users the option to choose renewable energy while maintaining default service with the EDC if they prefer. According to BPU staff, approximately 8,000 ratepayers in the state are currently enrolled in the program. We commend the BPU on their recognition of the value of this program and commitment to maintaining the structure of the program going forward.

II. Summary of Proposed Budget Reductions

In an email sent on Tuesday, September 04, 2012, the BPU staff communicated the intention to eliminate the budget of $32,400 for the CleanPower Choice Program. Staff also expressed continued support for the program and the maintenance of administrative responsibilities of the EDCs under the Program. According to the email, this budget pays for Customer Account lookup, Utility IT and administrative issues associated with CleanPower Choice and EDI support for CleanPower Choice transaction cost when a customer signs up for CleanPowerChoice. Staff proposes that costs will be paid directly to the EDC by the CleanPower Marketers.

III. Proposal of Clean Power Marketers

A. **Account Number Lookup Costs**. The account number lookup process is unique to the CleanPower Choice Program and extremely important to the on-going success of the program. Account number lookup is a consumer-friendly way to make it easy for ratepayers to enroll in the CleanPower Choice Program. Many new enrollments occur at festivals and events where people do not have their account numbers readily available. The CleanPower Marketers are willing and able to reimburse EDCs for reasonable costs associated with account number lookup a per account basis.

B. **EDI Support Costs**. One of the cost items associated with the program referenced by Staff is the EDI support for CleanPower Choice transaction cost when a customer signs up for CleanPowerChoice. EDI enables CleanPower Marketers and EDCS to seamlessly and easily exchange data on customer enrollments, drops, and renewable energy usage. EDI is not unique to the CleanPower Choice Program. It is important to note that Third Party Suppliers also use EDI to communicate with EDCs for enrollments, drops and customer usage information, and that the EDCs' EDI costs associated with supporting Third Party Suppliers are provided rate recovery treatment. Given the small budget associated with EDI costs for the CleanPower Choice Program and the fact the Third Party Suppliers use these same services without paying fees to the EDCs, the Clean Power Marketers believe that EDI costs associated with the CleanPower Choice Program should be borne by the utilities and subject to rate recovery.

IV. Conclusion

The Clean Power Marketers want to commend the BPU and the New Jersey Electric Distribution Companies ("EDCs") for working together to launch, administer and support the CleanPower Choice Program. This voluntary program offers all ratepayers the option to choose clean, renewable sources of energy. We commend the BPU on their recognition of the value of this program and commitment to maintaining the structure of the program going forward. We believe this cost-sharing proposal with EDCs is a reasonable approach to managing the costs associated with this valuable program.

Sincerely,

Jay Carlis	John Holtz	Bob Maddox
VP, Sales and Marketing	Director, Market Development	Chief Sustainability Officer
Community Energy, Inc.	Green Mountain Energy Company	Sterling Planet

Deborah Petrisko

From:	Rebecca Seitzmeyer [rseitzmeyer@chugassman.com]
Sent:	Monday, September 10, 2012 5:32 PM
To:	publiccomments@njcleanenergy.com
Subject:	Comments regarding 9/7/2012 Public Hearing on Energy Efficiency and Renewable Energy Budget

Dear Sir or Madam:

I disagree with reductions in the Energy Efficiency Energy Budget.

Rebecca Seitzmeyer, P.E., CEM
Mechanical Engineer / LEED AP
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U.S. GREEN BUILDING COUNCIL NEW JERSEY CHAPTER
14 MAPLE AVENUE, SUITE 201
MORRISTOWN, NEW JERSEY 07960
9732-290-0013
USGBCNJ.ORG

MEMORANDUM

TO: DISTINGUISHED MEMBERS OF THE BOARD OF PUBLIC UTILITIES

FR: WILLIAM AMANN

DATE: SEPTEMBER 7, 2012

RE: NEW JERSEY CLEAN ENERGY FUND

On behalf of the New Jersey Chapter of the U.S. Green Building Council, we ask you to reconsider diverting funding from the New Jersey Clean Energy Fund. As Immediate Past Chair of USGBC-NJ, President of M&E Engineers, Chairman of the Somerset County Energy Council and a professional engineer, I would like to personally share with you the great importance that the New Jersey Clean Energy Fund has on this State and the necessity of sustaining and expanding this fund for the benefit of the state's residents and the environment.

The U.S. Green Building Council, New Jersey Chapter, is NJ's foremost leader in promoting, advocating, and providing education for the creation of high performance buildings and communities that are environmentally responsible, cost effective and productive places to live, learn and work. USGBC-NJ represents over 1,100 individual members and 1,400 corporate leaders in environmentally sustainable building. USGBC is predominantly known for the creation of the LEED Green Building Rating System, the most widely used, voluntary, market-driven building rating program in the country. LEED provides individuals and companies with a framework to help reduce operating and energy costs while increasing their financial savings.

As a member of USGBC-NJ, I understand the importance of New Jersey's Clean Energy Fund and implore the state to consider the drastic effects that the cutting of this budget will have on New Jersey residents and businesses. New Jersey's Clean Energy Fund is widely utilized by residents, schools and businesses throughout the state. These programs create jobs and allow both business and families to save money each year by becoming more energy efficient. These programs provide rebates to homeowners who purchase energy efficient appliances, grant incentives for businesses who use more efficient lighting, and help towns, and municipalities reduce their energy expenditures through energy audits. There are many times when the incentives from the Clean Energy Fund make the critical difference between someone pursuing an energy efficiency upgrade or not. Particularly in these difficult economic times, we need to provide these incentives which lead to these upgrades, which result in jobs and increased economic activity.

Every energy expert, and every distinguished member of this Board knows that the cheapest kilowatt is the one that is never used. Energy efficiency is by far the cheapest and best solution to our energy problems. Efficiency is the best and foremost step in solving our problems with power plant capacity, pollution reduction, and grid congestion. It simply does not make economic sense to continue wasting energy.

If we were to reduce this fund from $651 million, as proposed last December, to $339 million, we will seriously set back this state's efforts to reduce energy use and to promote sustainability. It is hasty and not in the best interest of this state to remove essential funding from these energy focused incentives when they so greatly assist the people of New Jersey.

The effects of this proposed budget cut are undeniable. In an era when New Jersey has the opportunity to become a leader in energy conservation, we ask the Board of Public Utilities to overlook the short term convenience of reallocating this funding and to instead see the great and long term economic and energy stabilizing benefits of the New Jersey Clean Energy Fund.

ABOUT THE U.S. GREEN BUILDING COUNCIL

USGBC is a Washington, D.C.-based nonprofit group formed in 1993. New Jersey membership exceeds 1400 Corporations inclusive of USGBC National and the USGBC New Jersey Chapter. There are over 3,000 LEED® accredited professionals in NJ and over 400 LEED® registered and 100 certified projects in New Jersey, plus over 900 certified LEED Homes.

MORE ABOUT THE U.S. GREEN BUILDING COUNCIL NEW JERSEY CHAPTER

USGBC NJ is a non-profit organization focused solely on advancing green building and sustainable communities. The mission of USGBC-NJ is to transform NJ's built environment to become ecologically sustainable, profitable, and healthy. We accomplish our mission through education, advocacy, and collaboration. As New Jersey's green building advocate and education resource, USGBC NJ provides over 150 educational programs, events, green building tours, research studies, and advocacy initiatives each year, through its three-branch, state-wide network. Currently, USGBC NJ is providing grant-funded green building education to NJ's veterans and unemployed.

For 10 years USGBC NJ has served as the meeting ground, catalyst, and propeller for sustainability-minded individuals in building-related professions. Through the NJ Chapter, LEED and green building in general, have found fertile ground in New Jersey. The New Jersey Chapter's 1,100 individual members represent the entire spectrum of New Jersey's green building community.

ReVireo
saving your energy

September 12, 2012

New Jersey Board of Public Utilities
Office of Clean Energy

Re: Comments on Proposed Changes to Residential New Construction Program

These comments are submitted in response to straw proposal developed to address the budget reductions in the New Jersey Clean Energy Program and, in particular, the changes that are actively being considered to the Residential New Construction program. ReVireo has been an active participant in the program since December 2010, shortly after the program market was opened up to all qualified Rating companies. We have had an overall positive experience with the program and are grateful for the opportunity to submit comments regarding these proposed changes.

We were very pleased this week to learn that the current Tier 1 (*ENERGY*Efficient Homes) and Tier 2 (ENERGY STAR Homes Version 3) programs would be continued for the foreseeable future. The recent creation of the Tier 1 program has removed barriers to entry into the program for many builders who are unfamiliar with the NJ Clean Energy Program itself, as well as with the advanced construction practices and specifications required by ENERGY STAR. As a result, we believe that, in the long run, the existence of this entry-level program will drive participation in the higher Tier level programs (Tiers 2 & 3). Also, the sliding rebate scale used in both Tier 1 & Tier 2 has, in our experience, proven very effective in incentivizing builders to strive for higher levels of energy efficiency within their respective program.

The straw proposal mentions intent to shift all program levels to match Tier 3 (Climate Choice) standards as of January 1, 2013. We are strongly opposed to such a shift and feel that it would prove severely detrimental to all program stakeholders. The "Climate Choice" certification has effectively no name recognition among builders, let alone homeowners who are the ultimate end-user for whom the Residential New Construction Program is creating value. The absence of a recognizable certification under which to market the benefits of the "super-efficient" homes being constructed under Tier 3 will diminish confidence among builders in their ability to achieve a return on investment for the significant additional costs of constructing such homes. Accordingly, if the desire exists to shift all program level to match Tier 3 standards, then the BPU should choose a different standard for Tier 3 than Climate Choice. It makes eminent sense to leverage the marketability, as well as the thoroughly researched standards, of third-party certifications such as LEED or the National Green Building Standard (NAHB Green) for Tier 3 – in the same way that Tier 2 leverages the EPA's ENERGY STAR certification. In fact, the precedent for doing so exists in the "Residential Green Building Program" recently piloted by the New York State Energy Research and Development Authority (NYSERDA). Similar to the Office of Clean Energy, NYSERDA has a rebate program based on the EPA's

ENERGY STAR Certification. However, in an effort to promote the construction of homes that greatly exceed the performance requirements of ENERGY STAR, it developed the above-referenced program based on both LEED and NAHB Green standards. The program was immensely successful and, as proof of such, has recently exhausted all of its funding. We strongly believe, if the Residential New Construction Program is to shift to Tier 3 standards, that LEED and NAHB Green (as opposed to Climate Choice) should be adopted as the Tier 3 standards.

Thank you again for the opportunity to participate in the program and submit comments regarding these proposed changes. Please feel free to contact us with any questions.

Sincerely,

Matthew Kaplan
CEO

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September 7, 2012

New Jersey Board of Public Utilities
Office of Clean Energy
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Re: New Jersey Clean Energy Program Budget Reductions
(Request for Public Comment dated August 17, 2012)

Thank you for this opportunity to offer comments in response to the Office of Clean Energy straw proposal for budget revisions and program changes to the New Jersey Clean Energy Program for 2012. Our comments at this time concern the "Proposed Programmatic Changes associated with 2012-2012 CEP Budget Revisions" circulated together with the straw proposal, and specifically the proposed changes to the Residential New Construction Program (also known as New Jersey Energy Star Homes). We acknowledge that the proposed changes were described at a very high level as a starting point for discussion. Therefore, these are initial comments only and we look forward to an ongoing dialog.

MaGrann Associates is a New Jersey based residential energy engineering and consulting company functioning as an accredited Home Energy Rating System (HERS) Provider to enroll and verify builders and homes under this program. Historically we have supported residential new construction programs in New Jersey in an administrative and/or implementation capacity since their inception 25 years ago.

The NJ BPU's support for above-code new home efficiency programs over this period has by our count delivered more than 50,000 high efficiency new homes and generated more than 50 million kWh and 14 million Therms in annual savings, with a TRC (Total Resource Cost) test result above 2.0 according to the latest AEG evaluation. There is no better or more cost effective opportunity to build energy efficiency into a home than during construction. And at 15-30% better than a code built home, that's like 1-2 months of free energy every year for those New Jersey homeowners, or a small power plant for everyone.

I provide this context because we are concerned about the proposal to eliminate the current program structure, leaving only the "Climate Choice Home" performance level as the standard for qualification effective as soon as January 2013.

We do support the near-zero grid-supplied energy objective of Climate Choice. In fact, we were leaders in its design and continue to provide verification services for Climate Choice through the current Market Manager. And we are not afraid of the bar being raised for the performance we expect from program homes. Indeed, the program has increased its technical standards continuously throughout its history in response to – or more accurately, on the leading edge – of code changes, beginning with the Model Energy Code (MEC) during the early period of utility administration on through to New Jersey's latest adoption of the International Energy Conservation Code (IECC). In fact, the New Jersey Energy Star Homes program has a track record of pushing new home performance, leading the country through its influence on national standards and innovative application of additional prescriptive requirements.

Our concern with this proposal relates to the timing of its introduction and the appropriateness of the Climate Choice set of requirements as the only basis for a continued program.

Regarding timing, the current program structure is already designed to accommodate updates in New Jersey residential energy code by linking incentives to energy performance as measured by each home's verified HERS index combined with those additional prescriptive requirements mentioned earlier.

At this time in New Jersey, we are just completing the transition period from IECC 2006 to IECC 2009 based codes. Homes that are completing on permits pulled under the 2006 code (under the Permit Extension Act) require a HERS index no higher than 85 (at least 15% better than baseline) to qualify for the *lowest* incentives. Homes completing under the NJ 2009 code need an index no higher than 70 (at least 25% better than baseline) to begin qualifying for incentives. Note that *lower HERS scores* beyond these thresholds indicate *better performance* and earn higher incentives.

In other words, through the link to the HERS score, both the underlying technical requirements and the associated incentives shift together as code increments occur – and are applied to each home according to where it falls in the code cycle. The 2012 code currently under consideration at NJ DCA is unlikely to impact many – or possibly any – homes completed under the program in 2013 even if introduced on a fast track schedule. Permits will continue to be pulled under the current code until the introductory period expires (typically six months after adoption) and will then have one year (or more if extended) to complete under the older code. Those homes that pull permits after the introductory period will generally complete construction well into the following year just because of the length of the construction cycle. Meanwhile the majority of homes completing in 2013 will have pulled permits earlier and will be completing under the older code.

Experience shows that shifting the standard for program qualification for all of these homes would impose design challenges and upgrade costs that will be too much and too early, creating a barrier to participation that could eliminate the majority of participation in 2013 and potentially beyond. This disruption threatens to undo much of the market transformation success that this program is so rightfully proud of, with a potentially significant negative impact on jobs within the rater and contractor infrastructures that have evolved to support program participation at current levels.

This hurdle will be unnecessarily compounded if the Climate Choice standard is adopted as the only path to participation. Originally established as a demonstration tier, Climate Choice goes significantly beyond the incremental efficiency thresholds previously associated with code updates, requiring 50% energy savings over IECC 2009, integration of renewables to meet at least 50% of modeled energy consumption, advanced standards for specific measures such as indoor air quality and drain water heat recovery, and utility bill monitoring for two years from occupancy. Climate Choice continues to be a showcase for truly exemplary performance, and is generating increasing interest from leading edge builders. But we do not believe it should be the basis of a program that aims to continuously move the mainstream market.

We urge the BPU and the Office of Clean Energy to continue to apply the current program design strategy by adjusting qualification thresholds and incentives as the 2012 code is introduced, just as it did in response to the 2009 update. As in previous years, publication by DCA of a final specification and timetable for introduction of New Jersey's version of the 2012 code, along with the timing of federal minimum efficiency updates for specific measures, will allow analysis to determine the appropriate shift in the HERS index threshold, plus any adjustment to additional prescriptive requirements, that will be necessary to maintain the desired performance impact. The result will inevitably be closer to Climate Choice, but without the significant additional barriers identified above, and without jeopardizing the national award winning record and positive evaluation results of this program.

Again, these comments are preliminary and we look forward to continued discussion during the comment period. As always, we appreciate the openness of the process to input from stakeholders and commend the BPU and Office of Clean Energy on its continued drive toward job creation, higher energy performance and lower energy bills for New Jersey's homes and ratepayers.

Thank you.

Ben Adams
Vice President – Program Development

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September 10, 2012

New Jersey Board of Public Utilities
Office of Clean Energy
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Re: Follow-Up Comments to New Jersey Clean Energy Program Budget Reductions
(Request for Public Comment dated August 17, 2012)

MaGrann Associates would like to acknowledge the modification retaining the current tier structure in the Residential New Construction program, as announced at the September 10 Energy Efficiency Committee meeting. We understand and appreciate that this modification was made in response to comments delivered at the September 7 Public Hearing and submitted in writing online. This change will help ensure that the significant market transformation benefits of this program can continue to accrue through jobs, energy savings, better homes and lower utility costs.

We also understand that budget constraints may lead to the conclusion that incentive rates will need to be lowered over time. The program has periodically raised technical requirements and adjusted incentives to respond to changes in funding, standards or market conditions. We believe that participants, stakeholders and service providers will continue to support this process.

However, we would like to reiterate that the current program design already provides an ideal mechanism to maximize cost effective savings by managing the balance between technical standards, upgrade costs, incentive levels and available budget. In addition to the "Energy Efficient" and "Energy Star" tiers (Tiers 1 & 2), the current incentive rates are also linked to both energy performance and code through the HERS score:

Incentives by Tier, Code & Index				
	vs. IECC 2006		vs. IECC 2009	
HERS	Tier 1 NJ *ENERGY*Efficient Home	Tier 2 ENERGY STAR Home	Tier 1 NJ *ENERGY*Efficient Home	Tier 2 ENERGY STAR Home
85	$1,500	$2,500		
80	$1,750	$2,750		
75	$2,000	$3,000	$1,500	$2,500
70	$2,250	$3,250	$1,750	$2,750
65	$2,500	$3,500	$2,000	$3,000
60	$2,750	$3,750	$2,250	$3,250
55	$3,000	$4,000	$2,500	$3,500
50	$3,250	$4,250	$2,750	$3,750

This opens up a number of options for managing to budget. For example, incentives can be "shifted" as illustrated above, reduced in a linear fashion or "curved" to encourage higher performance.

We appreciate the additional time afforded by this modification to the straw programmatic changes and look forward to providing additional input into this process prior to the June 30, 2013 end of the current program term.

Thank you again for this opportunity to submit comments.

Ben Adams
Vice President – Program Development