

Deborah Petrisko

From: Bill Palmer, M/O Kamson [BPalmer@kamsoncorp.com]
Sent: Friday, February 21, 2014 12:26 PM
To: publiccomments@njcleanenergy.com
Subject: "Proposed Revisions to NJCEP Protocols"
Attachments: PSC Order 7-18-2011 EULs.pdf.pdf

Importance: High

Dear NJ Clean Energy Program and Market Managers,

First and foremost, on behalf of our Company and various property investor groups, we would like to thank all of the hardworking professionals that collectively manage the NJ Clean Energy programs. As you may be aware, the Kamson Corporation, through many of our individually owned properties, have been eagerly and actively participating for many years. As such, your vision to drive down energy use in NJ aligns perfectly with our business goals and objectives and we pledge to continue to submit new projects for review and approval.

We would like to use this open comment period to take the opportunity and propose a change to the NJ Protocols that would make it easier for building envelope measures (e.g. attic insulation) to meet the specified 10% IRR requirement. Specifically, we want to suggest that the useful life of envelope insulation be increased from the current 17 years to 30 years. We believe that we have strong arguments in favor of this, based on the facts presented below. Moreover, we hope that this comment will be accepted, even though it may not be directly related to the changes proposed by Honeywell, but rather addresses a technical section that remained unchanged.

Background: Page 10 of the NJ Protocols states that the Pay for Performance Program (P4P) uses the measure life from Appendix A of the document, which shows "Attic Insulation – ESH" measure under Low Income Residential Programs (p.144) subtitle with measure life of 17 years. NJ Protocols do not provide reference for this value, and do not include alternative values for envelope insulation in commercial and multifamily buildings, such as those participating in the P4P program.

Requested Change: We propose changing the useful life of envelope insulation measures including but not limited to attic, crawlspace, roof, walls, etc. in commercial and multifamily projects participating in the P4P program from a 17 year to a 30 year duration.

Justification:

The following public entities have adopted a useful life of 30 years for envelope measures:

- 1) Incentive programs in New York regulated by their Public Service Commission, including but not limited to New York State Energy Research and Development Authority (NYSERDA) New Construction Program (NCP), Multifamily Performance Program for Existing Buildings (MPP EB), Multifamily Performance Program for New Construction (MPP NC), and many others. Please refer to attached p.27 of the PSC Order 7-18-2011 EULs.pdf or it may be downloaded from the following link
<http://www3.dps.ny.gov/W/PSCWeb.nsf/All/06F2FEE55575BD8A852576E4006F9AF7>
- 2) Energy Trust of Oregon – see Table 1.3 found at
http://energytrust.org/library/reports/resource_assesment/gasrptfinal_ss103103.pdf In addition to showing measure life of 30 years for roof and attic insulation, the document also includes them in the list of ten most cost-effective commercial measures.
- 3) The California Energy Commission (CEC) uses a 30 year measure life for insulation in the Title 24 (state energy code) analysis, as stated on p.27 of their PSC document (we can provide a copy, if requested).

In closing, the 17 year measure life currently used by the P4P program for envelope insulation discourages projects from installing this measure, and often makes it ineligible for incentives because it has an algorithmic tendency to reduce the

overall project IRR below the 10% minimum required by P4P. Therefore, based on the arguments above, we strongly encourage that this be changed to a 30 year measure life. It will allow us to increase property value, lower energy costs, create more comfortable homes for our residents and add jobs to the insulation market sector.

Thank you very much for consideration of this matter and we look forward to hearing from you in the near future.

Very best regards,

Bill Palmer

Sr. Director, Energy Management

The Kamson Corporation

270 Sylvan Avenue

Englewood Cliffs, NJ 07632

201-227-2288 (Direct)



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

CHRIS CHRISTIE
Governor

STEFANIE A. BRAND
Director

KIM GUADAGNO
Lt. Governor

February 28, 2014

VIA HAND DELIVERY AND ELECTRONIC MAIL

Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625

Re: Comments of the New Jersey Division of Rate Counsel
CEP Proposed Revisions to NJCEP Protocols

Dear Secretary Izzo:

The Division of Rate Counsel ("Rate Counsel") would like to thank the Board of Public Utilities ("BPU" or "Board") for the opportunity to present the within comments on the proposed revisions ("Draft Protocols") to the Clean Energy Program Protocols ("Protocols") submitted in red-line form to stakeholders for comment by Applied Energy Group ("AEG"), the Market Coordinator for the Clean Energy Programs ("CEP"), on January 30, 2014.¹

Enclosed please find original and ten copies of comments submitted on behalf of Rate Counsel in connection with the above-captioned matter. 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.

¹ The draft of the Protocols was entitled: "New Jersey Board of Public Utilities, New Jersey Clean Energy Program, Protocols to Measure Resource Savings: Revisions to August 2012 Protocols, Release Date TBD, Draft January 27, 2014."

Presently, the Office of Clean Energy (“OCE”) and the Market Managers for CEP’s energy efficiency (“EE”) and Renewable Energy (“RE”) programs use the current version of the Protocols to Measure Resource Savings to track the energy and demand savings (and RE generation) resulting from participation in CEP programs. Energy and demand savings data submitted by the CEP Market Managers – calculated using the Protocols – is compiled by the OCE’s CEP Program Coordinator, who then prepares quarterly and annual reports on CEP activity and results to the Board. In addition, the Protocols have been used by several utilities to estimate prospective energy savings associated with the EE measures and programs found in their energy efficiency economic stimulus (“E3”) programs initially approved by the Board in 2009. For the above reasons, the Protocols are an important component of the CEP.

Rate Counsel notes the substantive changes found in the latest draft of the Protocols as well as the revisions embodied in the August 2012 draft pursuant to the Board’s Order addressing the updated 2012 Protocols.² Rate Counsel does not object to the proposed revisions to the August 2012 draft of the Protocols which largely update the document to address industry norms and technological advancements. However, Rate Counsel reiterates its concerns about several aspects of the Protocols, as set forth below.

First, Rate Counsel reiterates its concerns regarding the authors’ proffered use of the Protocols to measure lost revenues. In its comments on earlier drafts of the Protocols, Rate Counsel objected to the inclusion of the calculation of lost revenues as one of the stated uses of the Protocols. Specifically, Rate Counsel objects to the inclusion of the following: “3. Calculate lost margin revenue recovery (as approved by the BPU).” Draft Protocols, page 1. Aside from

² I/M/O Revisions to New Jersey’s Clean Energy Program September 2010 Protocols to Measure Resource Savings, BPU Dkt. No. EO09120975 (Order – Updated 2012 Protocols, 9/13/12) (“2012 Protocols Order”).

fundamental arguments regarding the recovery of lost revenues which have yet to be addressed and, appropriately, not in this proceeding, the use of the Protocols to measure lost revenues is flawed in principle. The basic reason is that the Protocols do not yet incorporate the effects of EE or RE measures attributable to factors other than EE or RE programs. This is further explained on page 2 of the Draft Protocols: “The protocols report gross savings and generation only. Free riders and free drivers are not addressed in these Protocols.” Rate Counsel maintains that until the Protocols strive to identify the net savings in consumption of natural gas or grid-supplied electricity from EE or RE programs, compared to savings that would occur even in the absence of the programs, their use to identify lost revenues is inappropriate in principle.

Therefore, Rate Counsel respectfully requests that the Board clarify the role of the Protocols in calculating any lost revenues. Rate Counsel notes that in its most recent Order adopting an earlier version of the Protocols, the Board stated that “if it were to approve lost margin recovery, it would not be bound by these Protocols in calculating such recovery.” 2012 Protocols Order, p. 3. Rate Counsel respectfully requests that any Order of approval for the most recent draft should also include such language. Furthermore, in order to further clarify the limits of the lost revenue calculation, Rate Counsel respectfully asks that the Board also include language from an Order adopting the 2007 Protocols which states that “...including a reference to the use of the Protocols to calculate lost margin revenues does not presume Board approval of such recovery.”³

Finally, Rate Counsel respectfully submits that future versions of the Protocols should reflect the anticipated findings of the now pending CEP’s Data and Evaluation working group

³ I/M/O Revisions to New Jersey’s Clean Energy Program December 2007 Protocols to Measure Resource Savings, BPU Dkt. No. ER09070460 (Order, 8/7/09), pp. 5-6.

proceeding as well as any measurement and verification methodologies required for participation in PJM Interconnection, LLC's EE and Demand Response programs.

Thank you for your consideration of the within comments.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By:



Kurt S. Lewandowski, Esq.
Assistant Deputy Rate Counsel

c: OCE@bpu.state.nj.us
publiccomments@njcleanenergy.com
Elizabeth Ackerman, BPU
Jerome May, BPU
B. Scott Hunter, BPU
Anne McShea, BPU
Tricia Caliguire, Esq, BPU
Rachel Boylan, Esq., BPU
Carolyn McIntosh, DAG
Michael Ambrosio, AEG