# SUMMARY OF PROPOSED PROGRAM CHANGES FOR FY19[1]

TRC and Board Staff are proposing several new programs for FY19, as well as changes to several existing programs. Volume 1 of TRC's Compliance Filing includes the proposed changes to existing programs. Volume 2 includes the proposed new programs and the proposed merger of several existing programs into new programs. The existing programs, as modified below, would continue in FY19 until the new programs are implemented later in FY19.

# 1. RESIDENTIAL PROGRAMS

## 1.1 Home Performance with ENERGY STAR Program (HPwES)

***Proposed Program Changes***

- Continue the air sealing and the insulation and "residential direct install" pilots.
- This Program would be merged into the new Existing Homes Program.

## 1.2 Residential HVAC: *WARM*Advantage and *COOL*Advantage

***Proposed Program Changes***

- This Program would be merged into the new Existing Homes Program.

## 1.3 Existing Homes (New for FY19)

***Proposed New Program: See Program Description in Volume II of Compliance Filing***

- Merge HPwES and Residential HVAC Programs to this single "umbrella" program that would more flexibility and effectively allow participants to implement energy efficiency projects that could consist of anything from:
    - A single measure (e.g., air sealing or new furnace)
    - Bundled complementary measures (e.g., air sealing and new furnace)
    - Comprehensive whole house projects (air sealing, insulation, and HVAC upgrades).
- Include tiers of contractors, each of whom would be approved to perform certain types of work (e.g., only BPI Gold Star contractors would be approved to perform comprehensive whole house projects).
- Provide incentives generally similar in amounts to HPwES and Residential HVAC.

[1] The FY19 Compliance Filings present a more comprehensive and detailed discussion of the program changes proposed for FY19. If there is any inconsistency between this Summary and the Compliance Filings, the Compliance Filings prevail.

## 1.4 Residential New Construction

***Proposed Program Changes***

- Revise incentives in response to changing market conditions.
    - Reduce by 25% overall.
    - Simplify by providing a base incentive for each type of residence plus an additional incentive based on $/MMBtu saved.
    - One (1) month transition period from FY18 to FY19 incentives, with FY19 incentives taking effect on August 1, 2018.
- Eliminate the ERI Pathway because it no longer provides incremental energy savings.
- Revise the Program's administrative processes to better align with participants' construction schedules and to be generally more efficient.

## 1.5 Energy Efficient Products

### 1.5.1 Energy Efficient Products: Retail Lighting

***Proposed Program Changes***

- This component is expected to reopen during FY19, possibly with modifications. Meanwhile, clarify only ENERGY STAR lighting would be eligible for incentives.

### 1.5.2 Energy Efficient Products: Appliances and Consumer Electronics

***Proposed Program Changes***

- Incentive revisions in response to updates to ENERGY STAR and Consortium for Energy Efficiency (CEE) standards.

### 1.5.3 Energy Efficient Products Online Marketplace

***Proposed Program Changes***

- An Online Energy Efficiency Store would be made available to all residential customers. It would offer energy efficient products incentivized through the NJCEP's portfolio of energy efficiency programs, creating a "one-stop shop" for many energy efficiency needs. Among other things, this would allow for cross-promotion of the NJCEP's Energy Efficiency programs via re-marketing to customers who purchase products through the Online Energy Efficiency Store. Implementation of the marketplace would be coordinated with any utility offerings to ensure that there is neither redundancy nor market confusion.

# 2. Commercial and Industrial (C&I)

## 2.1 Commercial and Industrial Prescriptive/Custom Rebates

***Proposed Program Changes***

- Incentive revisions/additions in response to changing market conditions:
    - Expand eligibility to include LED screw-in bulbs replacing CFL screw-in bulbs.
    - Reduce incentives for LED Energy Star qualified screw-in lamps from $3 to $1 per lamp.
    - Eliminate prescriptive incentives for new fluorescent lighting technology.
    - Provide new/revised incentive for the following Design Lighting Consortium® qualified categories:
        - (New) Retrofit Kit for LED Linear Ambient Luminaires.
            - Up to $15 per 2' and 4' fixture.
            - Up to $25 per 8' fixture.
        - (New) LED Linear Lamps (LED Tubes).
            - Up to $5 per 3' linear lamp.
            - Up to $10 per 8' linear lamp.
        - (Revised) LED Linear Lamps (LED Tubes).
            - Reduce incentive for 2' linear lamps from $5 to $3.
    - Delete incentive for dual enthalpy economizers.
- This Program would be merged into the new C&I Buildings Program.

## 2.2 Large Energy Users (LEU)

***Proposed Program Changes***

- This Program would be merged into the new C&I Buildings Program.

## 2.3 Local Government Energy Audit (LGEA)

***Proposed Program Changes***

- Clarify that a participant's average demand, averaged over the preceding 12 months, be > 200 kW for eligibility to participate in this Program. Also clarify the grounds for "Direct Install Program" waivers from the described > 200 kW requirement. These changes are intended to align more closely with the Direct Install Program to more clearly ensure the applicant participates in the program that will best meet its needs.
- Clarify that certain other waivers from the described > 200 kW requirement be supported by sufficient explanations.

## 2.4 Direct Install (DI)

***Proposed Program Changes***

- Relax the eligibility requirement that a participant's peak demand be ≤ 200 kW in at least 11 of the preceding 12 months to a requirement that a participant's average demand, averaged over the preceding 12 months, be ≤ 200 kW. This change is intended to increase participation by allowing more participants with highly variable demand to participate.
- Tighten the requirement as to the ratio between energy savings and incentive cost by increasing the Total Resource Cost (TRC) Test eligibility requirement from 1.10 to 1.25. However, the 1.10 to 1.25 change would be accompanied by adding flexibility to the way the Program's Energy Assessment tool can be deployed. The added flexibility would be as follows: Under the current Program rules, if a project does not meet the TRC requirement, the only possible resolution is to remove less cost-effective measures from the project's scope. To provide additional flexibility, the participant would be given the additional option of driving up its TRC by paying a greater share of the total cost of one or more measures (for example, to increase the participant's cost share for a new furnace from the current 30% to 37%,). The combination of these two changes will increase the Program's overall cost-effectiveness and, in many cases, increase savings by encouraging participants to implement measures the current rules might have caused them to abandon.

## 2.5 Pay for Performance: Existing Buildings Program (P4P EB)

***Proposed New Program: See Program Description in Volume II of Compliance Filing***

- This Program would be merged into the new C&I Buildings Program.

## 2.6 Pay for Performance: New Construction (P4P NC)

***Proposed Program Changes***

- The Program would make a relatively minor adjustment to the calculation of energy savings for gut/major renovation projects to mitigate the effect of a 2013 change to ASHRAE that put such projects at a disadvantage vis a vis new construction projects.
- This Program would be merged into the new C&I Buildings Program.

## 2.7 Pay for Performance – Investor Confidence Project (ICP)

***Proposed Program Changes***

- The ICP Program component would be eliminated because of insufficient participation levels

## 2.8 Customer Tailored Energy Efficient Pilot (CTEEP)

***Proposed New Program: See Program Description in Volume II of Compliance***

- This Program would be merged into the new C&I Buildings Program.

## 2.9 C&I Buildings (New for FY19)

***Proposed New Program: See Program Description in Volume II of Compliance Filing***

- Merge the C&I Prescriptive/Custom Rebates, LEUP, P4P EB, P4P NC, and CTEEP programs to this single program that would more effectively and flexibly allow participants to implement energy efficiency projects.
- Provide incentives generally similar in amounts to those provided in the merged programs.

## 2.10 Building and Systems Evaluation Program (BASE) (New for FY19)

***Proposed New Program: See Program Description in Volume II of Compliance Filing***

- Would offer building-specific technical assistance to guide participants to a clear and informed energy improvement decision, which in most cases would result in the implementation of energy conservation measures.
- Targeted to C&I facilities, including those considering DER.
- Participants will work with a pre-approved program energy consultants (PECs).
- Incentives would be a 50/50 cost share, capped at $100,000 in most cases.

## 2.11 Multifamily (New for FY19)

***Proposed New Program: See Program Description in Volume II of Compliance***

- This would be a new program, pulling into a single point of entry projects that would otherwise have been potentially eligible for eight other NJCEP programs and program pathways: (i) Home Performance with ENERGY STAR, (ii) ENERGY STAR Certified New Homes and Zero Energy Ready Homes, (iii) ENERGY STAR Multifamily High Rise, (iv) Residential HVAC (*WARM*Advantage and *COOL*Advantage), (v) Pay for Performance: Existing Buildings, (vi) Pay for Performance: New Construction, (vii) Commercial and Industrial Retrofit and New Construction (SmartStart), and (viii) Direct Install. The New Multifamily Program would include both a relatively simple prescriptive path and a more complex comprehensive/whole building path and would utilize, at least in part, pre-existing relationships with various energy services companies, e.g., Residential New Construction raters. Program eligibility and incentives would be comparable to those available under the programs from which the projects are being pulled, with some moderate enhancements to better incentivize this market. At the time program details are proposed to the NJBPU, an associated budget would also be approved.

# 3. Distributed Energy Resources (DER)

## 3.1 Combined Heat and Power (CHP)

***Proposed Program Changes***

- Match the required minimum efficiency to the currently pending “Protocols to Measure Resource Savings” (Protocols). Those Protocols would require that energy savings be calculated using High Heating Value (HHV) instead of Lower Heating Value (LHV) as is currently the case. This Protocols change would result in a CHP system with a current system efficiency of 65% using LHV being rated at 60% using HHV. Thus, to maintain the same “apples to apples” efficiency requirement from FY18 to FY19, the Program’s efficiency requirement would be revised from 65% (LHV) to 60% (HHV).
- Add a bonus incentive of 10% of the total system incentive for a system incorporating blackstart technology at a critical facility (as defined in the Microgrid Development Program). This would encourage the incorporation of this resiliency feature by providing a bonus incentive to hospital, emergency centers, and other critical facilities.
- Add a provision to facilitate governmental entities’ ability to satisfy the requirement for a ten-year warranty despite the Public Contracts Law (N.J.S.A. 40A-11-1), which law limits the term of governmental contracts. The provision would allow governmental entities the option of providing a warranty for the maximum legal term and a binding commitment to purchase a warranty for the remaining years, with each remaining year assumed to cost 2.5% more than the preceding year (unless the applicant provides compelling evidence to support another cost).

## 3.2 Renewable Electric Storage (RE Storage)

***Proposed Program Changes***

- During FY19, the Program Administrator and Board Staff will seek input from stakeholders and the public regarding the Program. (As was the case in FY18, and subject to considering the foregoing input, payments will be made only for commitments made prior to FY18, and no new commitments will be made unless and until the program reopens.)

# 4. Utility Residential Low Income

## 4.1 Clean Power Choice

***Proposed Program Changes***

- This Program would be terminated during FY19.
    - Since 2013, the Clean Power Choice (CPC) Program has been delivered independent of the NJCEP, supported only by the Clean Power Marketers (CPMs) and billing services provided by the participating Electric Distribution Companies (EDCs).
    - Participation in the Program has declined sharply in recent years, from a high of 14,456 customers in 2008 to only 2,328 current customers in 2018, and the Program has come up significantly short of meeting its stated goal of enrolling 1-2% of all Basic Generation Service (BGS) customers. Further, New Jersey now has a robust and competitive market for renewable electricity through third party suppliers, which market exists outside of and independent of the CPC Program and can deliver similar services to interested customers at a lower cost.
    - Board Staff would coordinate with the CPMs, participating EDCs, and participating customers to arrange for an orderly termination of the Program.