Air Conditioning Contractors of America
New Jersey State Association

To: Elizabeth Ackerman, Acting Director
From: Patrick Stewart, Executive Director
Subject: Proposed Modifications EE Program Budget
Date: March 24, 2014

The New Jersey Air Conditioning Contractors of America (NJ-ACCA) strongly supports the February 4, 2014 order to make modifications to the New Jersey Clean Energy budget.

The NJ-ACCA is supportive of this move and the flexibility the BPU has provided the programs to reallocate budgets. We commend the forward thinking to keep these popular programs solvent.

ACCA-NJ is a non-profit trade association for heating, ventilating, air conditioning & refrigeration contractors in the State of New Jersey. We represent & serve firms who design, install, service & repair air conditioning, heating, refrigeration, air purification & ventilating systems of all sizes & complexities.

Membership includes manufacturers of equipment, wholesalers and distributors of equipment, vocational & technical schools, utilities & others with an interest in the HVAC industry.

Sincerely,

Patrick Stewart

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March 26, 2014

Betsy Ackerman, Acting Director
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625

Re: Proposed Modifications to the EE Program Budget

Dear Ms. Ackerman:

I represent the New Jersey Large Energy Users Coalition ("NJLEUC"). I write in response to your written notice, issued pursuant to the Board's February 4, 2014 Order, regarding the proposed transfer of $2.5 million from the Large Energy Users Program ("LEUP") to the Home Performance with Energy Star ("HPES") Program. The notice states that the HPES program is underfunded vis-a-vis its current expenses and commitments and that under the February 4 Order, Honeywell has requested transfers from the LEUP and Residential New Construction programs to make up for the anticipated HPES shortfall. On behalf of NJLEUC, I object to the transfer for the reasons that follow.

As you are aware, the LEUP program was recently adopted as a vehicle to enable large energy users like NJLEUC members to obtain substantial benefits from the Board's Clean Energy Programs. For many years, the Clean Energy programs were largely unavailable to many large users due to program design or because large businesses--who were early responders to energy efficiency and renewables opportunities—have improved their energy efficiency over the years and were therefore unable to satisfy certain program requirements, such as the 15% reduction threshold established for the Pay For Performance Program. Because large users contributed substantially to the Societal Benefits Charge but had been unable to obtain commensurate benefits from the programs funded by the SBC, the Board thought it appropriate to create a program directly responsive to the needs and requirements of large users. The Large Energy User "Pilot" Program has been successful, providing needed assistance to large businesses, particularly during challenging economic times and, therefore, has since become permanent.

Given this background, the request to transfer funds out of the LEUP to provide additional funding to HPES would appear to be inconsistent with the purpose of the LEUP-- to better balance the benefits provided by the Clean Energy Program between residential customers, who benefit from a number of Clean Energy Programs, and large energy users that largely do not. The notice does not indicate the current subscription rate or outstanding commitments for the LEUP so it is unclear whether the proposed transfer would have the potential to threaten the availability of funds to potential LEUP recipients during the current budget cycle. However, regardless of the program's immediate ability to meet its current and future commitments, we note that it took a number of years to develop the LEUP and NJLEUC is committed to its long-term success. We are therefore concerned that this transfer could establish a precedent for future transfers or provide a basis for a reduction in program size, which would be an unfortunate development and a large step backward for the Clean Energy programs.

If surplus funding is available in the LEUP due to undersubscription, we would urge that greater efforts be taken to advertise the program to potential participants to insure that the program will be fully subscribed each year. In addition, I am advised that a number of NJLEUC members—that are certainly large energy users—appear to be ineligible to participate in the LEUP because of the current participation thresholds. Your notice suggests that this could be an opportune time to revisit the LEUP eligibility requirements to assure that the program is sufficiently wide in scope to enable additional large energy users to avail themselves of the benefits of the program. NJLEUC stands ready to work with the Board to address this issue.

The LEUP has made a number of substantial awards to large energy users over the years which enable these companies to be more energy efficient and therefore more competitive in their relevant markets. There are likely many more companies that could benefit from the energy and economic development benefits associated with the LEUP program, so it is incumbent upon all of us to insure the program's success and avoid taking actions, however temporary, that could adversely affect the program in the long term.

Thank you for your anticipated courtesies.

Respectfully submitted,

Steven S. Goldenberg

SSG:jfp