



Via electronic mail - [05/29/2015]

**Northeast Energy Efficiency Partnerships (NEEP)
Letter of Support for Sierra Club Comment
On Docket No. QO15040476
Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for
Fiscal Year 2016**

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

Dear Secretary Asbury,

On behalf of Northeast Energy Efficiency Partnerships (NEEP),¹ please accept this letter of support for the Sierra Club's comments in response to The Board of Public Utilities' ("The Board") request for comment regarding Docket No. QO15040476, the Comprehensive Energy Efficiency and Renewable Resource Analysis for Fiscal Year 2016. NEEP is a non-profit organization, established in 1996, whose mission is to accelerate energy efficiency in homes, buildings and industry across the Northeast and Mid-Atlantic region. NEEP is one of six Regional Energy Efficiency Organizations (REEOs), as designated by the U.S. Department of Energy, which works in cooperation with the DOE to support states in, among other things, establishing comprehensive energy efficiency programs.

Introduction

In its notice dated May 5, 2015, The Board requested public input on its initial Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for Fiscal Year 2016 ("2016 CRA"). We applaud The Board for providing this opportunity to comment on the proposed 2016 CRA and lend our support to the comments filed by the Sierra Club, which expound on their backing of an Energy Efficiency Resource Standard (EERS).

Support for an Energy Efficiency Resource Standard

As noted by the Sierra Club, an Energy Efficiency Resource Standard would create a regulatory framework for achieving reasonable and prudent energy savings targets and lower costs per unit of energy savings. Indeed, targets driven through regulatory mandate would provide certainty for businesses and consumers considering investment in energy efficiency, allowing programs in New Jersey to capture economies of scale that have proven to enhance program cost-effectiveness throughout the region, thereby returning broad benefits to ratepayers. For an overview of similar policies in surrounding states, see the chart below.

¹ These comments are offered by NEEP staff and do not necessarily represent the view of NEEP's Board of Directors, sponsors or underwriters.



Energy Efficiency Resource Standards in the Mid-Atlantic Region			
State	Policy Type	Program Administrator	Energy Savings Goals
Maryland	Energy Efficiency Resource Standard	Electric Utilities	15% of per capita electric use by 2015
Pennsylvania	Energy Efficiency Resource Standard	Electric Utilities	0.75% of electric sales annually through 2015
New York	Energy Efficiency Portfolio Standard	NYSERDA + Utilities	15% of electric & natural gas sales by 2015
Delaware	All Cost-Effective Energy Efficiency	Utilities+ Sustainable Energy Utility	<i>In Progress</i>
New Jersey	<i>Efficiency Funding Only</i>	Office of Clean Energy + Utilities	<i>No mandated savings goals</i>

Furthermore, an Energy Efficiency Resource Standard that allows utilities to recover investments in energy efficiency regardless of system benefit charge funding stability would insulate New Jersey’s efficiency programs from economic tides that currently render them unstable. As the US Department of Energy’s *State and Local Energy Efficiency Action Network* notes, “Utilities need to be allowed to recover approved program costs from ratepayers in a timely and assured manner, just as they can recover prudent investments in new power plants, transmission lines, or distribution system upgrades.”²

Energy Efficiency as the Least-Cost Energy Resource

Public utility commissions in a number of states have come to recognize the value of energy efficiency as the least-cost energy resource within their statutory requirement to deliver “just and reasonable rates”.³ Indeed, many commissions—including neighboring New York—

² US Department of Energy’s State and Local Energy Efficiency Action Network. *Driving Ratepayer-Funded Efficiency through Regulatory Policies Working Group: Setting Energy Savings Targets for Utilities*. (September 2011) Page iii. Available at: https://www4.eere.energy.gov/seeaction/system/files/documents/ratepayer_efficiency_targets.pdf

³ Fed. Power Comm’n v. Hope Natural Gas Co., 320 U.S. 591, 601, 64 S. Ct. 281, 287, 88 L. Ed. 333 (1944)



have established energy efficiency program targets “based entirely on their broad, non-specific authority to regulate utilities in a manner that serves the public interest.”⁴

For example, Applied Energy Group’s Evaluation of New Jersey’s Clean Energy Program notes that for every dollar invested in energy efficiency between \$1.30 and \$1.40 is returned to ratepayers.⁵ It further notes that the levelized cost of saved electricity in the state was less than \$0.027/kWh.⁶ This contrasts sharply with the cost of energy supply in the state, which can be between \$0.10/kWh and \$0.13/kWh.⁷ This contrast between the cost of energy efficiency as an “avoided supply” resource and the average cost of electric supply in New Jersey lends itself to a scaling-up of targets under the justification of providing just and reasonable rates for New Jersey’s ratepayers.

Conclusion

NEEP commends The Board for its consideration and analysis of cost-effective energy efficiency resources within the Comprehensive Energy Efficiency and Renewable Resource Analysis for Fiscal Year 2016. We support the Sierra’s Club’s recommendation that The Board reconsider establishment of an Energy Efficiency Resource Standard and suggest that The Board consider energy efficiency’s potential to deliver more value than similarly situated energy supply resources to the ratepayers of New Jersey.

Please accept these comments in the spirit they are intended: to aid The Board, and, ultimately, the people of New Jersey, in securing a more affordable, reliable, cleaner and sustainable energy future.

Contact information:

Brian Buckley
Policy Research and Analysis Associate
Northeast Energy Efficiency Partnerships (NEEP)
91 Hartwell Avenue
Lexington, Mass. 02421
1-(781)-860-9177 ext. 152
E-mail: BBuckley@NEEP.org

⁴ *Supra*, at note 2. Page 8.

⁵ New Jersey Office of Clean Energy. *Evaluation of New Jersey’s Clean Energy Programs*. (September 2012) Page 3. Available at: <http://www.njcleanenergy.com/files/file/NJ%20Program%20Analysis%20Final%20Report%209-4-12.pdf>

⁶ *id.*

⁷ See generally, www.NJElectricity.org for electric supply pricing for customers in the service areas of Public Service Electric and Gas, Jersey City Power and Light, Atlantic City Electric, and Rockland Electric.