July 29, 2025 *Submitted electronically via: board.secretary@bpu.nj.gov*

Sherri Golden
Secretary of the Board
New Jersey Board of Public Utilities
44 S Clinton Ave
Trenton, NJ 08625

RE: In the Matter of the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Third Triennium of Energy Efficiency and Peak Demand Reduction Programs

Dear Secretary Golden,

On behalf of Northeast Energy Efficiency Partnerships (NEEP)[1], I am pleased to submit comments relative to the Third Triennium of Energy Efficiency and Peak Demand Reduction Programs (Triennium 3). NEEP is a non-profit whose mission is to accelerate regional collaboration to promote advanced energy efficiency and related solutions in homes, buildings, industry, and communities.

We thank the New Jersey Board of Public Utilities (NJBPU) for the opportunity to provide input on Triennium 3. We commend NJBPU for what they have done so far in beginning the stakeholder engagement and planning process for the next cycle of energy efficiency programs. The following comments are intended to provide technical assistance and resources relating to the development of programs to be delivered under the framework of Triennium 3.

The past two cycles of energy efficiency programs have seen tremendous change in the state. Triennium 1 was the first cycle of statewide energy efficiency programs and had utilities across the state enact a similar portfolio with nation leading energy savings targets. Triennium 2 expanded on this effort and grew the portfolio to include demand response and building electrification programs. In the workshop for Triennium 3, NJBPU highlighted 3 key components: one-stop-shops, ratepayer cost reductions, and market transformation opportunities.

The following comments are intended to provide technical assistance and resources to help in the design of the Triennium 3, as well as highlight some best practices from around the region that can ensure the equity and climate goals of the state are incorporated into the next cycle. In addition to these comments, NEEP has additional tools and resources available and can offer direct technical assistance to help in design and implementation.

Energy Efficiency Programs are Critical to Ensure Energy Affordability

Nationwide, electricity prices have risen in recent years. From 2022 to 2023, residential electricity prices rose 6.2 percent. Average prices in New England and the Mid-Atlantic have risen the most: prices in both regions are up 19 percent since 2022 and could increase more than the national average through 2026. Gas prices are also

[1] These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners. NEEP is a 501 (c)(3) non-profit organization that does not lobby or litigate.

forecasted to climb into 2026. Some of the drivers for higher prices include the cost of gas delivered to power generators in New England, growing demand that requires more transmission and distribution upgrades, and deferred maintenance of the grid.

Energy efficiency programs are critical to improving energy affordability because they lower overall energy consumption. Programs promote advanced technologies, provide targeted incentives and assistance to customer segments such as low-to-moderate-income customers and renters, improve grid efficiency to constrain costs, and promote prudent long-term utility strategies and investments. Past NEEP research has shown that targeted engagement can increase enrollment in energy efficiency, arrearage management, and bill assistance programs.

Recommendations for Establishing a Statewide One-Stop-Shop

Below are recommendations and considerations for creating a one-stop-shop that can help customers electrify and weatherize their home. States throughout the NEEP region are looking to provide the targeted technical assistance and information that New Jersey discussed in the meetings, as these programs can stack programs, funding, and other resources to maximize incentives and provide hands-on support for residents and building owners. The examples below highlight some of these efforts. NEEP is available for further technical assistance on this issue.

- **Establishing a building decarbonization turnkey program for single family homes:** In the 2025 – 2027 Mass Save Plan, program administrators proposed a new Building Decarbonization Turnkey Program. The program is an innovative type of home upgrade hub that will provide incentives, financing, and technical assistance to help residents make affordable improvements to their homes. Because there are many administrative barriers to adopting energy efficiency and weatherization measures. Massachusetts designed the Turnkey Program to address these barriers by helping customers with weatherization, barrier mitigation, and electrification upgrades. The program is also designed to manage subcontractors, lessening the administrative burden on the customer.

- **Create a dedicated multifamily one-stop-shop:** The multifamily sector faces specific challenges, including renter/landlord split incentives, longer project timelines, a need for engagement and communication with renters, and workforce needs. Large building owners may not be familiar with the benefits of energy efficiency improvements, nor with the available options for energy efficiency technologies and programs. A one-stop-shop offers a single point of entry for large building owners to access energy assessments, efficiency funds, and qualified building contractors for various types of upgrades. The state can look to the LEAN Multifamily Program in Massachusetts as an example to model. LEAN delivers energy efficiency measures for affordable multifamily buildings across the state, including building assessments, project management, and post-project inspections.

- **Enable IRA programs to blend and grow current utility programs:** IRA Home Energy Rebates provide an opportunity for state energy offices to work with current energy efficiency program administrators to streamline program offerings and coordinate all available resources. In states like New Jersey, current program administrators may already run programs that IRA funding can build on. Pulling all available funds under one program can save consumers money through lowering upfront costs and provides

opportunities to streamline involvement for administrators, contractors, distributors, and other market actors, as all programs operate under the same structure. This can create partnerships and resources that would still be available after the state has spent down DOE funding, ensuring stability and long-term market transformation. Coordination with existing programs is especially important for states considering standing up new programs, such as New Jersey's proposed M-RISE. One question to tackle when designing these types of programs is how to attribute savings from IRA Home Energy Rebate Program dollars. NEEP released a report last year that breaks down the various options and provides examples of the types of coordination that DEEP can explore during this process.

Enable Market Transformation Efforts that Achieve Cost-Effective Savings

Below are strategies for Market Transformation that could help accelerate the impact of New Jersey's programs. These recommendations are put into two buckets. The first are regulatory modifications that can help to align programs with state climate goals. The second section looks at changes that can be made to improve engagement and adoption with key actors in the building decarbonization space, distributors and contractors.

Regulatory Changes that Drive Market Transformation

Regulatory changes help to provide utilities guidelines on what the state would like to see implemented as part of energy efficiency programs. Reforming existing programs and developing new programs to better align with climate goals may require modifying the methods used to measure success in energy-efficiency investments, as well as changes in how utilities recover program costs. Below are some recommendations for Triennium 3:

- **Utilize GHG goals:** NEEP encourages New Jersey to adopt a GHG goal or performance metric, as this can help align energy efficiency efforts with state climate policy. Achieving carbon goals cost-effectively represents a paradigm shift in program planning – away from strictly energy efficiency and towards both energy efficiency and building decarbonization more broadly. By using GHG emissions as a goal in addition to energy consumption, energy efficiency plans and outcomes will directly align with state climate policy. A GHG emissions goal makes it possible to account for fuel switching and new energy efficiency measures by focusing on the net change in emissions regardless of the type of measure. This enables program administrators to meet reduction targets and performance goals while aligning these priorities with state policy.

- **Adopt a GHG or efficiency plus electrification performance incentive:** NEEP recommends New Jersey consider adopting a GHG target as part of the program performance metrics. Across the region, performance incentives have been used to encourage various goals and drive program design. For example, New York, Vermont, and DC have performance incentives directly tied to GHG emissions reductions. In the Massachusetts 2022-2024 Plan, Mass Save utilities could only earn performance incentives tied to electrification if they could verify that the customer had weatherized prior to or within six months after the installation of a heat pump. NEEP's Regional Roundup provides information on all the different performance incentives utilized in the NEEP Region. Additionally, NEEP recently published Co-Promotion of Weatherization and High Performance HVAC in Programs Best Practice Guide and is available to provide additional guidance in this space.

Investment in Workforce and the Supply Chain

Another key area for the state to explore is changes in program design that improve touchpoints with distributors and contractors. Customers rely on contractors when something breaks in their homes, offering them a unique opportunity to help homeowners adopt heat pumps.

- **Create a certified contractor network:** Both Maine and Vermont manage qualified contractor networks that provide contractors with continuous opportunities to attend workforce training courses, which keeps them apprised of the best practices in the field. Efficiency Maine offers its Residential Registered Vendors weatherization training in addition to heat pump installation training, as well as training scholarships of up to $500. Efficiency Maine's commercial contractors, the Qualified Partners, gain access to project assistance from field personnel and networking opportunities. Vermont's Efficiency Excellence Network provides free training and networking opportunities to contractors. Both states have targeted training and engagement to help upskill existing contractors that New Jersey can replicate.

- **Invest in a midstream heat pump incentive program:** NEEP encourages New Jersey to consider standing up a midstream program for heat pumps and heat pump water heaters at the distributor level. A similar program is operating in Vermont and Maine who both lead the region in heat pump installations. Midstream incentives through distributors typically include a smaller stipend to the wholesale distributor and a larger "pass-through" incentive to the contractor and/or customer, applied as an instant discount at point of sale. These rebates allow program administrators to more substantively engage with the heat pump supply chain and grow the workforce. Contractors get their equipment and are trained or re-skilled on new equipment through HVAC distributors. NEEP recently published a High-Performance HVAC Midstream Program Best Practice Guide that can provide additional insights on how to design these programs and existing best practices.

- **Create an emergency replacement heat pump water heater (HPWH) program:** In California, Barnett Plumbing developed a HPWH loaner program in 2022, in which customers with a failed gas heater were offered a no-cost temporary "loaner" gas water heater if they committed to fuel-switching. This loaner water heater approach eliminated the barrier of customers needing to be without hot water while getting retrofitted with a HPWH. As a result, customer conversions from gas water heaters to HPWH increased from 1 percent to 17.1 percent. The program also provided a supplemental contractor payment of approximately $975 to cover the additional installation cost of the loaner gas water heater. For phase 2 of the project, Barnett Plumbing added 120V HPWHs as an alternative to the gas loaner option. 120V or plug-in heat pump water heaters (HPWH) present an untapped opportunity to replace failed gas or electric resistance water heaters. Installation of these HPWHs does not require an electric panel upgrade, so this provides an immediate or same-day emergency replacement solution. Barnett Plumbing's combined strategy increased the conversion rate to around 52 percent.

Conclusion

We thank the New Jersey Board of Public Utilities for the opportunity to comment on the Triennium 2 Straw Proposals. We look forward to continuing to engage with the BPU on this and other energy efficiency and clean energy policies and programs. In addition to these comments, NEEP is available to provide technical assistance to help in the development and deployment of energy efficiency and building decarbonization programs. If you have questions or would like additional information, please reach out to Erin Cosgrove, ecosgrove@neep.org.

Sincerely,

Erin Cosgrove, Esq.
Director, Policy and Programs
Northeast Energy Efficiency Partnerships
ecosgrove@neep.org

Yiran He
Senior Associate, Policy and Programs
Northeast Energy Efficiency Partnerships
yhe@neep.org