



Date: April 3, 2026

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 Second Triennium of Energy Efficiency and Peak Demand Reduction Programs

Dear Secretary Golden,

On behalf of Northeast Energy Efficiency Partnerships (NEEP),¹ we are pleased to submit comments on the New Jersey Board of Public Utilities' (BPU) [Triennium 2: One-Year Extension Proposal](#) (Triennium 2.5 Proposal). 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.

Energy efficiency is a key resource for protecting energy affordability. NEEP appreciates BPU's careful consideration of the policy and program frameworks that maximize energy savings from energy efficiency programs while prioritizing affordability for ratepayers. Robust policy frameworks to encourage utility investments in efficiency will help lower utility bills for ratepayers and help the state meet its policy goals.

NEEP supports the extension of Triennium 2 for an additional year, i.e., Triennium 2.5, with the following recommendations to enhance the proposed policy changes in BPU's Triennium 2.5 Proposal. In addition, NEEP offers several process recommendations to ensure robust stakeholder engagement for Triennium 3 planning and implementation.

Recommendation: Strengthen Stakeholder Engagement for Triennium 3.

NEEP encourages BPU to fully engage stakeholders as it continues to develop and finalize Triennium 3, as well as during Triennium 3 implementation.

Recommendation: Provide ongoing, targeted opportunities for stakeholder input.

The Triennium 2.5 Proposal posits that Triennium 3 might create a six-year program cycle with an opportunity to review targets after three years. Six years would be the longest program cycle for energy efficiency programs in the Northeast. It is important that prior to setting this new precedent, BPU should gather adequate stakeholder feedback to ensure program design, goals, implementation, and stakeholder engagement plans throughout the cycle meet the needs of New Jersey residents and

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.



businesses. If BPU establishes a six-year program cycle, ongoing stakeholder input will be essential for identifying programmatic adjustments to support utility progress and accountability.

For Triennium 1, BPU held multiple workshops on program design, utility incentives, and low-income programs.² NEEP recommends BPU again lead with strong stakeholder engagement for Triennium 3 planning. BPU can strengthen stakeholder engagement by hosting more targeted meetings and opportunities for engagement. BPU can hold these either prior to releasing the updated Triennium 3 framework proposal or immediately after, during a comment period. Such meetings and follow-up comment opportunities help inform utility proposal design and provide accessible, educational materials to help make the framework more accessible. Providing these resources will allow stakeholders to offer more targeted feedback and learn about the nuances of regulating and implementing energy efficiency programs.

In addition, when utilities and the BPU each file their program plans, each entity should give presentations on their portfolio at public meetings. These presentations should explain the program portfolio, program goals, and metrics of success to stakeholders. Opportunities for written feedback should follow these filings and presentations, and decisions about final plans should reflect how stakeholder feedback was incorporated.

Finally, other states in the region convene bi-weekly or monthly working groups during program planning to provide a space for utilities to summarize their proposed plans, highlight changes, and gather feedback before filing plans. In some states, such working groups are formalized and facilitated through an Energy Efficiency Board or Energy Efficiency Advisory Council. For example, the Massachusetts Energy Efficiency Council (EEAC) includes representatives from key, designated stakeholder groups who review and vote to approve energy efficiency and demand resource program plans and budgets.³ The EEAC hosts monthly hybrid meetings that allow public participation and has (or had) sub-committees on equity, a statewide energy efficiency database, and demand reduction.⁴ A working group approach is a good place to start, with a clear set of objectives, timetable, and agendas.

Recommendation: Consider including intervenor compensation.

Meaningful stakeholder engagement allows for members of historically marginalized and/or excluded communities to bring their expertise and lived experiences to bear when centering equity in energy efficiency program design and implementation practices. Ensuring an equitable development process is

² Docket QO19010040, Order 6-10-20-8D.

³ Section 22(a) of the Massachusetts [Green Communities Act of 2008](#) requires the EEAC to consist of 11 voting members, including 1 person from each of the following: (1) residential consumers, (2) the low-income weatherization and fuel assistance program network, (3) the environmental community, (4) businesses, including large C&I end-users, (5) the manufacturing industry, (6) energy efficiency experts, (7) organized labor, (8) the department of environmental protection, (9) the attorney general, (10) the executive office of housing and economic development, and (11) the department of energy resources. This law also requires one non-voting ex-officio member from each of the electric and gas distribution companies, each approved municipal aggregator, the heating oil industry, and an energy efficiency business. Interested parties can apply to the Massachusetts Department of Energy Resources.

⁴ <https://ma-eeac.org/about/>



key to procedural justice. Procedural equity is when programs embed inclusive, accessible, authentic engagement and representation into processes to develop or implement program and policies.

Intervenor compensation is the practice of reimbursing individuals or groups for the costs of their involvement in regulatory proceedings. Regulators can support robust stakeholder participation in a variety of ways, including offering intervenor compensation and ensuring that the process provides ample time and opportunity for stakeholder engagement and comment.

As an example, NJBPU could consider referencing Connecticut's Public Utilities Regulatory Authority (PURA) to establish a similar Stakeholder Group Compensation Program, which makes funds available to groups representing the interests of residential utility customers residing in an environmental justice community, residential utility customers receiving protection as hardship cases, or small business customers. Since 2024, PURA has made funds available to stakeholder groups participating in dockets. Compensation is available for reasonable attorneys' fees, reasonable expert witness fees and other reasonable costs for preparation and participation in PURA proceedings. NJBPU should consider implementing a similar program to enable more stakeholder groups to participate in regulatory proceedings.

Support Proposal to Use Gross Savings to Assess Compliance with Clean Energy Act Annual Savings Targets and Net Savings for Cost-Effectiveness and Performance.

NEEP supports BPU's proposal to use gross savings to measure overall energy reduction and assess compliance with annual goals in the Clean Energy Act of 2018 (CEA). While converting energy savings from gross to net savings produces a more accurate evaluation of attributable efficiency program impacts, NEEP recognizes this policy change of setting goals in gross savings terms is in line with what a few other states do with their energy efficiency resource standards (EERS).⁵ However, most states continue to establish targets as net savings.

We also support BPU's proposal to continue to require utilities to use net savings for cost-effectiveness screening and to measure utility performance. Cost-benefit analyses ensure cost-effective energy efficiency programs, so keeping net savings in those calculations will provide a more accurate depiction of program results. Using net savings as a performance metric for utilities will ensure that BPU rewards them for actual savings achieved in energy efficiency programs. Net savings are a better metric for measuring utility accountability to program performance metrics and program impacts. Efficiency programs are designed to overcome market barriers and net savings enable accountability as they account for both free ridership and spillover, allowing evaluators to see the full impacts of energy efficiency programs.⁶

⁵ACEEE 2025. <https://www.aceee.org/sites/default/files/pdfs/u2501.pdf>

⁶ Malone, E. From Gross to Net: The True Impact of Energy Efficiency Resources. Presented at 2017 ACEEE Energy Efficiency as a Resource Conference. Available at: https://www.aceee.org/sites/default/files/pdf/conferences/eeer/2017/Malone_Session1D_EER17_Oct_31.pdf

Streamline Utility Compensation to Reward Performance and Save Ratepayer Dollars.

The CEA established utility cost recovery and performance incentive mechanisms to ensure that New Jersey regulators and utilities treat energy efficiency as a resource. These regulatory tools are critical to addressing fundamental financial barriers that deter utilities from investing in energy efficiency and achieving program performance metrics. Three key components of this financial incentive are:

1. Allowing cost recovery of program investments by expensing costs (sometimes done by capitalizing costs),
2. Addressing the throughput incentives by enabling decoupling, which allows utilities to recover costs not tied to volume of sales, or a lost revenue adjustment mechanism (LRAM), which allows utilities to earn “lost” revenues due to energy savings attributable to efficiency programs, and
3. Providing an opportunity for earnings from energy efficiency programs from performance targets (incentives for meeting energy savings goals and other targets) and/or rate of return incentives (utilities earn rate of return for efficiency investments, similar to investments in poles and wires).

New Jersey currently offers each of these best-practice components to encourage utility investments in energy efficiency. As recognized in the Triennium 2.5 Proposal, this approach results in greater overall compensation for energy efficiency program spending. To streamline utility compensation, NEEP recommends using full symmetrical decoupling instead of a lost revenue adjustment mechanism and adjusting performance incentives so there is a set pool of incentives.

Below we provide specific recommendations for streamlining utility compensation for performance and saving ratepayer dollars.

Recommendation: Utilize a fixed performance incentive pool.

There’s a strong correlation between the presence of shareholder incentives and higher utility performance on energy efficiency programs.⁷ Regulators can deploy these incentives in two ways: (1) as an ROE on energy efficiency program investments and/or (2) as performance incentives to financially reward utilities for achieving program goals. Offering performance incentives to utilities provides a financial incentive for them to invest in energy efficiency programs in line with state goals and metrics.

NEEP recommends that BPU modify its quantitative performance indicators to offer utilities performance incentives for achieving energy savings targets and other performance metrics as a dedicated pool of funding, instead of its current approach of applying an additional return on equity adjustment to energy efficiency and peak demand reduction program investments.⁸ This is similar to how Massachusetts currently designs their performance incentives, setting aside a set amount of program costs at the onset and then allocating those costs based on the utility’s achievements within

⁷ https://www.aceee.org/files/pdf/white-paper/The_Old_Model_Isnt_Working.pdf

⁸ <https://www.nj.gov/bpu/pdf/boardorders/2023/20230726/8C%20ORDER%20Second%20Triennium.pdf>



certain categories.⁹ Offering performance incentives in this way can ensure they align with state policy goals and set a limit on what utilities earn at the onset of programs. Providing a return on equity also encourages shareholders to continue to investment in energy efficiency programs and achieve performance metrics.

Recommendation: Implement full symmetrical revenue decoupling.

NEEP recommends that BPU implement full symmetrical revenue decoupling, which enables utilities to recover investment and operating costs independent of the volume of their sales. This is different from some aspects of the current decoupling mechanism through the Conservation Improvement Programs (CIPs) and LRAM, which allows for recovery of lost sales. Decoupling rate adjustments are symmetrical, meaning they can decrease or increase rates and allow regulators to require utilities to return over-collected revenues to customers. This makes decoupling an essential tool for protecting customers from utility over-collection of revenues and for protecting utilities from under-collection due to energy efficiency. This is more important than ever in the face of rising energy costs and growing ratepayer concerns about affordability.

Conclusion

We thank the New Jersey Board of Public Utilities for the opportunity to provide comments. We appreciate the BPU’s commitment to advancing robust energy efficiency as a tool to immediately help customers lower energy bills and keep bills affordable. These comments are intended to support the work currently underway at utilities and the BPU in Triennium 2, to plan for Triennia 2.5 and 3, and to ensure a full stakeholder engagement process. In addition to these comments, NEEP is available to provide additional technical assistance to the BPU on Triennium 3 and other energy efficiency policies and programs. If you have questions or would like additional information, please reach out to Mary MacPherson, mmacpherson@neep.org.

Sincerely,

Erin Cosgrove

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

Mary MacPherson

Mary MacPherson
Senior Manager, Policy and Programs
Northeast Energy Efficiency Partnerships
mmacpherson@neep.org

⁹ [PI-Mechanism-2022-2024-Considerations-8.17.20posted3.pdf](#)