New Jersey's Clean Energy Program™

Advance Planning for FY19-FY21

Energy Efficiency Committee Meeting
February 20, 2018

Introduction

- Advance planning for FY19 - FY21
- Preparing for the FY19 CRA and Compliance Filing
- Focusing on increasing program savings
  - Maximizing savings achieved for each dollar invested
  - Opportunity for greater savings through increased CEP investments
- Grounding approach in the NJCEP Objectives

Critical Elements for Success

- A well-designed, multi-year plan needed to ramp up savings and cost efficiency
- Significantly increased Marketing and Outreach are required
- Robust EM&V are critical to measure and guide program success
- Adapting to changing markets and opportunities requires the ability to process contract changes quickly and efficiently

NJCEP Objectives

Lower Energy Bills: Reduce the cost of energy and lower energy bills by maximizing lifetime energy savings per dollar spent (kWh and therms).

- Maximizing peak demand (kW) savings
- Providing equitable access to efficiency and renewable energy programs
- Promoting the development and transformation of energy efficiency and renewable energy markets
- Reducing long-term environmental impacts of energy use
- Minimizing lost opportunities

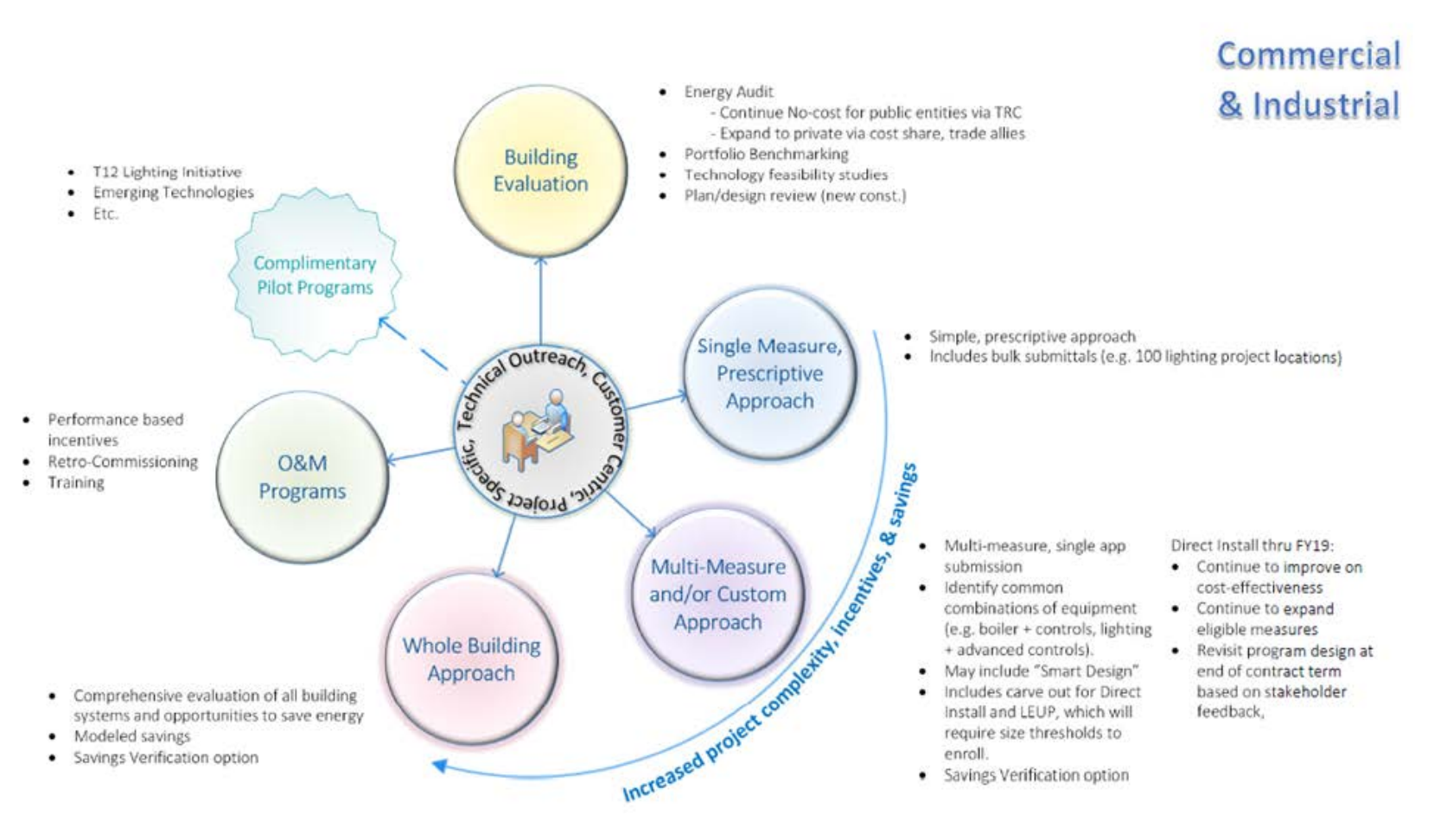
Themes of Program Redesign

- Focus on sustained customer engagement
  - Throughout lifecycle of project(s)
  - Build and maintain relationships for future projects
- Program flexibility to meet customers' needs
- Promote bundling of measures to increase savings and cost-effectiveness, but avoid onerous participation requirements
- Use pilots to regularly test and demonstrate specific technologies and/or target specific sectors
- Increase program training for contractors to allow them to better use programs and serve customers

Implementation/Timing

- Not all FY19 program proposals will launch July 1, 2018
- Implementation/roll out schedule will be developed in the coming months
- Stakeholder meetings will be scheduled on any new programs

Commercial & Industrial Program



C&I Programs Remaining In Place – FY19 Changes Under Consideration

- **Direct Install**
  - Evaluate decreasing incentive to 60%
  - Evaluate use of sliding scale for certain measures
  - Continue to improve cost-effectiveness
  - Add new measures

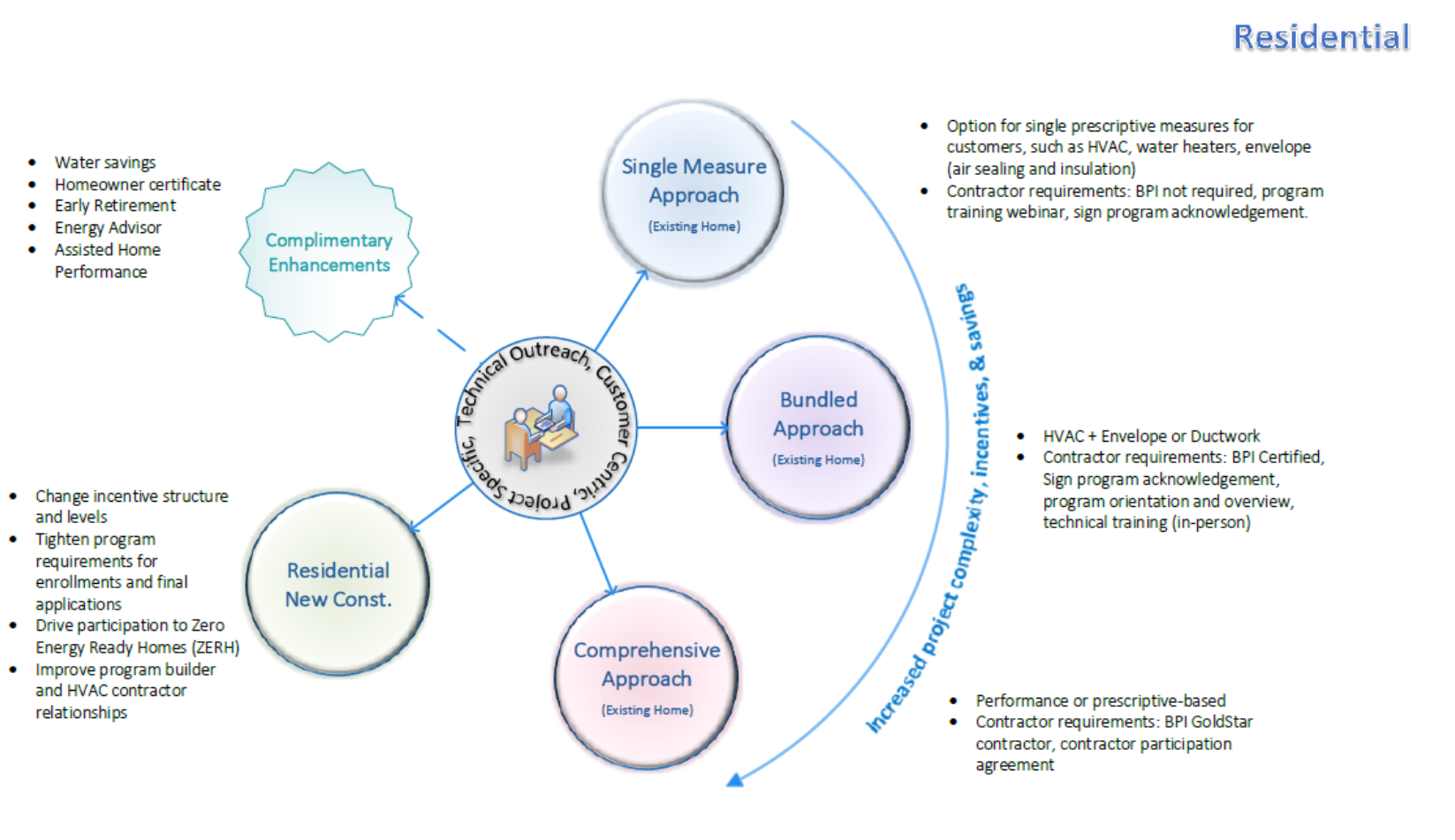
- **Local Government Energy Audit**
  - Modification of eligible waivers to proceed with audit
  - Propose Level 1 audit for small/simple facilities that have legitimate waiver for under 200 kW where DI would not be a good fit

C&I Programs Remaining In Place – FY19 Changes Under Consideration

- **Combined Heat and Power**
  - Improve program cost-effectiveness by increasing the impact of actual system performance
  - Align program requirements with proposed NJCEP Protocol changes

- **Renewable Electric Storage**
  - Explore re-launch of a program

Residential Program



Residential Programs Remaining In Place - FY 19 Changes Under Consideration

- **Residential New Construction**
  - Proposed Incentive Structure/Level Changes:
    - Reduce the incentives on average by 25%
    - Simplify the incentive structure, utilizing a base incentive plus $/MMBtu incremental savings
    - Align MFHR with MFLR utilizing the revised EPA decision tree
    - Tighten the program requirements and revisit the enrollment periods
  - Completed three meetings with raters who generally support this approach

Residential Programs Remaining In Place - FY 19 Changes Under Consideration

- **Energy Efficient Products**
  - Explore the expansion of appliance recycling program
  - Investigate options for re-launching a lighting program

Multifamily Program

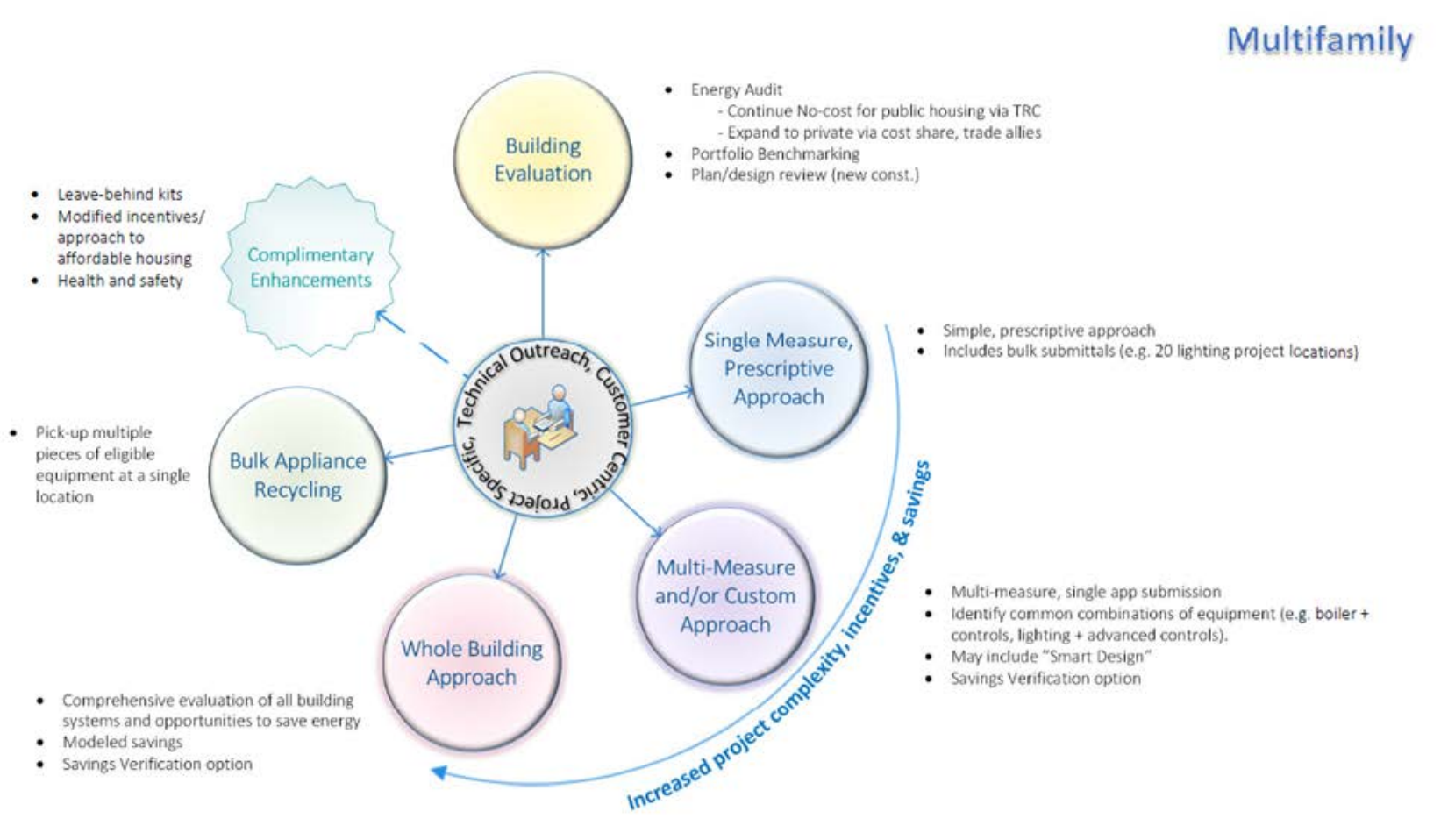
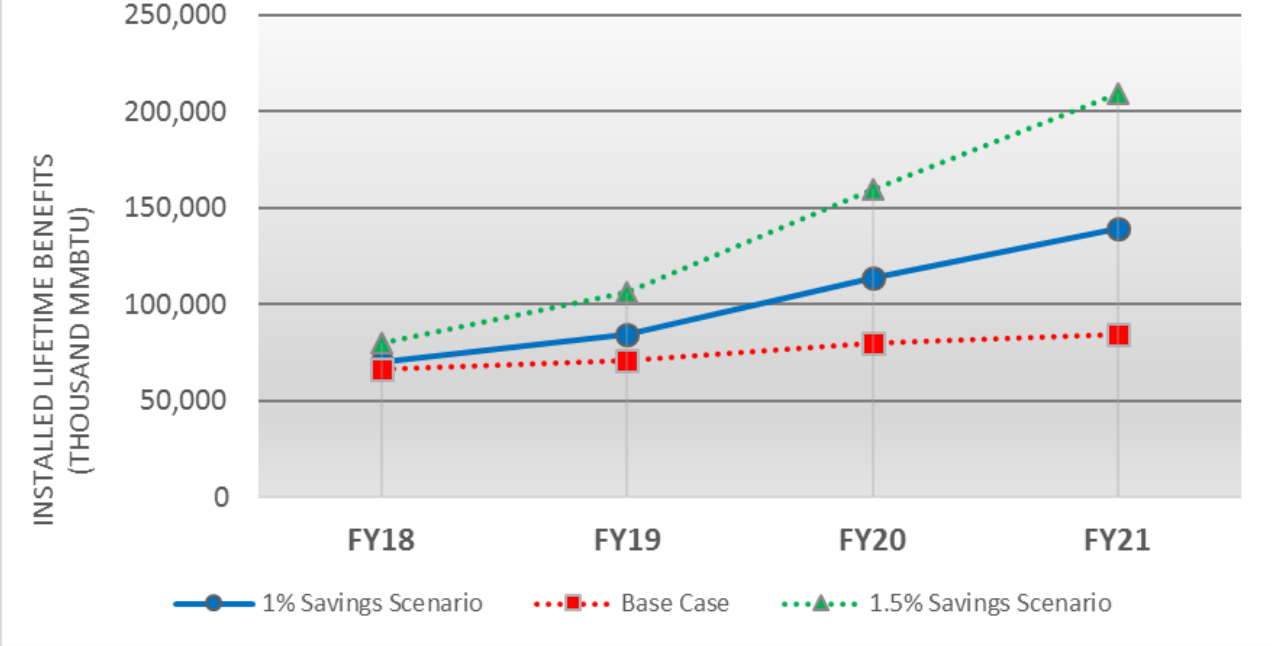


Illustration: Expected Cost of Saved Energy

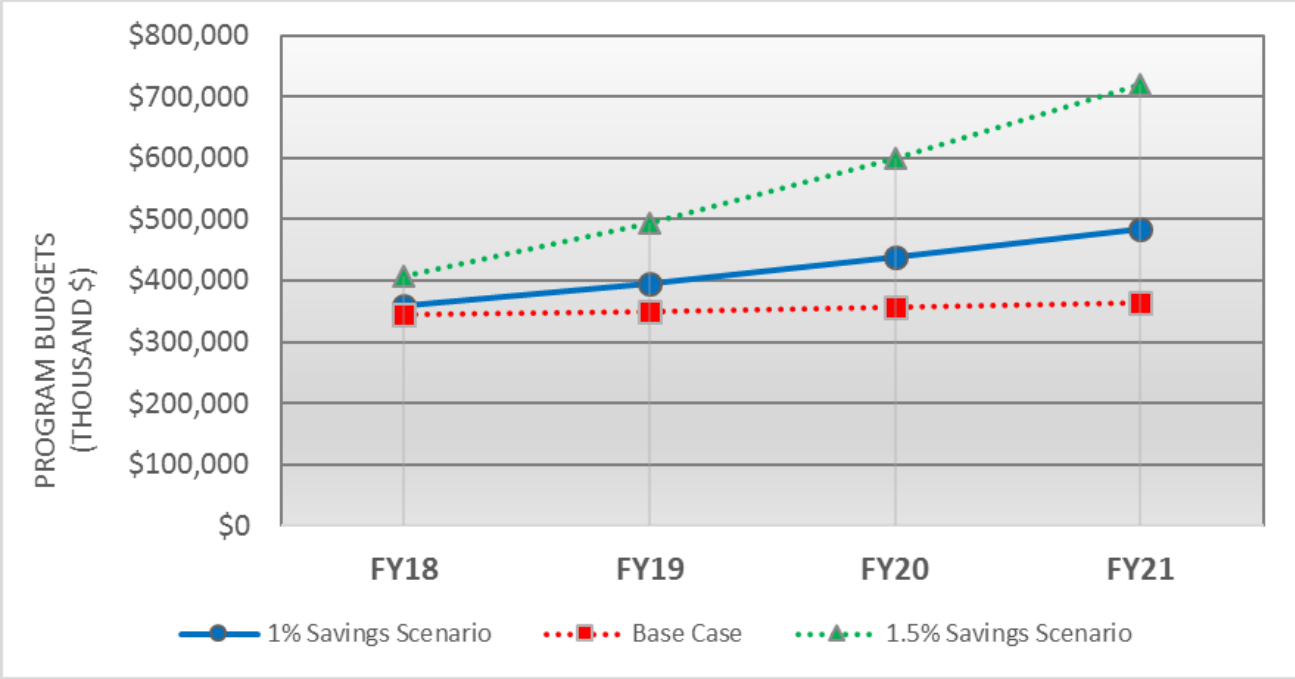
- Internal analysis done in FY17 of potential for cost improvements would need to be updated
- Combined Gas and Electric, converted to $/MMbtu
- Will vary depending on many factors, such as:
  - Final program mix (e.g., retail lighting)
  - Allocation between gas and electric
  - Availability of Outreach and Marketing
  - Amount and timing of ramp up

Illustration: Trajectory for Increasing Savings



- Caveats from previous slide apply

Illustration: Trajectory for Increased Budgets



- Caveats from previous slide apply
- Cost per MMbtu is highest for Base Case
- Cost per MMbtu is lowest for 1% savings
- Cost per MMbtu for 1.5% savings is less than Base Case but higher than 1% savings due to need for increasing effort to reach additional customers

Thank you

Questions?