



SUBMITTED ELECTRONICALLY

Aida Camacho-Welch  
STATE OF NEW JERSEY  
Board of Public Utilities  
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<mailto:EnergyEfficiency@bpu.nj.gov>

**RE: Comments of Clean Energy Group to New Jersey Board of Public Utilities - New Jersey Energy Efficiency Transition Docket No. QO19010040**

Dear Ms. Camacho-Welch:

Clean Energy Group (CEG) is pleased to submit this letter to provide the New Jersey Board of Public Utilities (NJ BPU) with comments on the Energy Efficiency Transition – Full Straw Proposal released as part of New Jersey Energy Efficiency Transition Docket No. QO19010040. CEG is responding to the NJ BPU notice requesting public comment that was issued March 25, 2020.

Specifically, CEG is commenting on the potential for behind-the-meter (BTM) energy storage to be included in the NJ Energy Efficiency Plan as a demand peak reducing measure.

Clean Energy Group is a national, nonprofit advocacy organization working on innovative policy, technology, and finance strategies in the areas of clean energy and climate change. Since 1998, CEG has promoted effective clean energy policies, developed new finance tools, and fostered public-private partnerships to advance clean energy markets that will benefit all sectors of society for a just transition. CEG has advocated, both in New Jersey and in other states, for the inclusion of behind-the-meter energy storage as a peak demand reducing measure in state energy efficiency plans.

We worked to support the development of the ConnectedSolutions program within the Energy Efficiency Plan in Massachusetts, which allows utilities to contract with energy storage customers to aggregate behind-the-meter storage services for peak load reduction during peak regional load hours. This program has now been adopted in both Massachusetts and Rhode Island and is under development in New Hampshire and Connecticut. We have provided information on this program to NJ BPU.

An aggregated battery program offered through a state energy efficiency plan (such as ConnectedSolutions) provides many benefits over a customer demand charge management (DCM) model. Chiefly, it allows for better alignment of BTM load reduction with regional peak demand hours. At the same time, it provides storage customers and developers access to reliable, bankable revenue streams through contracts with utilities for battery services. And, through

incentives and adders established by the state, such a program can support numerous state energy goals, such as enhanced resiliency, increased renewables deployment, and cleaner peak power.

New Jersey has already taken the important step of identifying peak demand reduction as a primary goal of the energy efficiency plan. Given the state's ambitious energy storage procurement targets, now would seem to be the ideal time for the state and utilities to incorporate storage into the EE plan, as this would support both the state's peak demand reduction goals and its energy storage goals.

The primary shortcoming of the current energy efficiency straw proposal in this regard is that it appears to push off active demand reduction measures, where energy storage would likely fit, into future program years. As stated in the straw proposal's Metrics section:

*During initial years, in metrics and in QPI results, demand savings will reflect only "passive" peak demand savings resulting from efficiency programs and will not include active demand management/demand response savings. The inclusion of active demand savings in the metrics may be considered in future program years.*

The straw proposal goes on to instruct utilities: "utilities should file pilot or full peak demand reduction programs by year 5."

In addition to relegating active demand savings to future program years, the straw proposal seems to make these programs optional, defining them as "additional initiatives" rather than core programs:

*Each New Jersey investor-owned utility will be required to administer all core programs and may propose to the Board additional initiatives that they would administer.... Core programs refer to base programs that will be critical to meeting energy efficiency and peak demand reduction targets and will provide the main energy efficiency opportunities for all customer segments throughout the state.... Additional initiatives refers to auxiliary programs and program features which will enhance the core programs' success, explore new technologies, and/or focus on additional energy policy goals. These initiatives may include pilot programs that are not yet ready for statewide implementation but could be viable in a specific service territory. Each utility's filing should include a peak demand management program as an additional initiative, either as a part of the first filing or in subsequent filings.*

Because the straw proposal never specifically addresses energy storage, it is hard to know exactly which program in the straw proposal might house a storage initiative. But based on how storage has been addressed in other state energy efficiency plans, the peak demand management program seems the likeliest contender.

CEG urges NJ BPU to specifically address the role of energy storage in the next iteration of the energy efficiency plan; to require peak demand management to be addressed by utilities with the same urgency as core programs; and to include active demand savings in program metrics from the inception of the program.

Further, CEG urges NJBPU to incorporate program elements relevant to energy storage that have been adopted by energy efficiency program administrators in Massachusetts and Rhode Island. Some of these elements are addressed in our recent [blog](#) and last year's [report](#) on energy storage as an efficiency measure.

CEG appreciates this opportunity to comment and will be happy to provide more information to NJBPU upon request.

Sincerely,

A handwritten signature in cursive script that reads "Todd Olinsky-Paul".

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