

GOVERNMENT AFFAIRS TEAM

September 14, 2007

Melanie Willoughby
Senior Vice President

TO: President Fox and members of the Energy Master Plan Team

Sara Bluhm
Assistant Vice President
Energy & Federal Affairs

FR: Sara Bluhm, Assistant Vice President Energy & Federal Affairs
New Jersey Business & Industry Association

David Brogan
Vice President
Environmental Policy &
Small Business Issues

RE: Energy efficiency in existing buildings

Christopher Emigholz
Director
Education Policy

On behalf of the 23,000 members of the New Jersey Business & Industry Association, I would like to offer our initial comments on energy efficiency for consideration by the EMP team members. Last week's meeting at the Board of Public Utilities (BPU) was convened after a rather long silence by the EMP team, and we appreciate a continued dialogue on this topic.

Arthur Maurice
First Vice President
Economic Development &
Taxation

Since the business community consumes over 60 percent of all electricity, we have a vested interest in any plan for energy efficiency. NJBIA agrees that if potential energy efficiency load reduction goals are met, ratepayers would see cost savings. However, it is also likely that if the State imposes goals and they are not met, it will mean higher prices for ratepayers.

Frank Robinson
Vice President
Grassroots &
Transportation

The State also needs to acknowledge the importance of increased funding for business incentives at a higher rate if it aims to meet efficiency goals as well as environmental goals. The Clean Energy Program spent over \$56 million on residential customers to achieve 27,978 MWh savings and reduce 19,032 metric tons of CO₂. While nearly \$22 million was spent on Commercial and Industrial programs to achieve 98,377MWh savings and 67,969 metric tons of CO₂. Clearly it is a better use of ratepayer dollars to invest in business efficiency. Looking forward to 2020, policies must change to lift the \$100,000 cap on business rebates and find new ways to incentivize companies.

John Rogers, Esq.
Vice President
Human Resource Issues

Christine Stearns, Esq.
Vice President
Health & Legal Affairs

Additionally, we have to recognize a distinction between energy *conservation* (lowering our usage) and energy *efficiency* (achieving more with less). If one unplugs a motor, they are implementing conservation, if one replaces it with a newer model that uses less energy, that is efficiency. Business has used efficiency as a tool to achieve economic gains before and will continue to do so into the future. If a company can make a plant more efficient it can boost production. However, NJBIA does not believe that increased energy efficiency should be viewed as a source of energy supply to meet our growing demand. Furthermore, higher electric prices may curb your demand, but it will also negatively impact the economy.

NJBIA feels that our business ratepayers will continue to increase their energy consumption even if efficiencies are achieved. The State has already had an energy policy in place for the past several years yet energy consumption has continued to exceed previous projections. Going forward, it is being debated

whether or not we should keep the Clean Energy Program in place or replace it with an efficiency utility. Should we have white tags or rebates? There are many major decisions that need to be made, but which will also impact the price of electricity. The Clean Energy Program requires staff and millions of dollars in administrative oversight. A new entity is just as likely to require staff and oversight, but may also require new technologies to implement systems such as white tags.

Rutgers CEEEP's preliminary report drew a very important conclusion: Rebates are cheaper than white tags to the ratepayer. Using this information, it is important to take into account how many different policies are currently being debated within the EMP that will add to the consumer's energy bill. The State should also reach out to commercial and industrial ratepayers to educate them on the importance of energy efficiency. To date there has been little to no education. The BPU website has recently been updated to add for the first time a commercial ratepayers section. The Clean Energy Fund has expended \$2 million a year to publicize the ability for ratepayers to purchase renewable power, yet it has spent no money on publicizing energy efficiency or demand response mechanisms to commercial and industrial customers.

NJBIA recommends that an education campaign be put together for the business ratepayers. There needs to be simple documents, such as how to conduct an energy audit, to more practical best practices for different industry sectors. NJBIA has volunteered to work with the Governor's Office on Economic Growth and the BPU Business Ombudsperson to develop these case studies. However, this is something that should have been done a long time ago.

Additionally, we support the ideas expressed within A-4084 (Chivukula, Karrow) which allows customers to receive credits against their societal benefit charge (SBC) if they make upgrades which result in efficiency gains. This formula allows for energy planning by a business as well as a mechanism to encourage businesses to retrofit or change out to more efficient equipment.

We would encourage more of a partnership with the Economic Development Agency (EDA) for future commercial and industrial rebates. This agency has a proven track record with business and the ability to turn things around quickly. The EDA also has their finger on the pulse of development in New Jersey and may be more adequately prepared to offer energy savings packages to their existing economic initiatives than the current Clean Energy Program.

Furthermore, NJBIA encourages the development of a small business direct installation program. Connecticut and Massachusetts currently have programs in place that allow for contractors and utilities to reach out to customers for retrofits. The Clean Energy Program has done little to empower the small business sector to retrofit. Currently the Department of Environmental

Protection (DEP) is the only agency to attempt to educate small manufacturers on energy, but their energy handbook have not been updated since it was issued in 2000. This type of program could also be used to mitigate congestion and would be a worthwhile project to subsidize up to 100 percent of the cost in the effort to reduce the local LMP pricing.

NJBIA has provided comments earlier on the implementation of comprehensive energy audits and implementation strategies, as well as building operator training and the implementation of education and awareness of demand response programs. The Association supports the upgrading of accounts to smart meters that allow for real time usage and pricing, provided there is adequate support and education to back them up.

The Association looks forward to continuing this discussion. We recognize that energy efficiency can save business money and help the economy, but that it may not reduce our growing demand of energy. NJBIA would encourage the EMP team not to rely on future forecasts because the price and demand for energy is ever changing. With or without this policy energy demand is going to grow, and most likely, prices will continue upwards. The State needs to remove barriers to meeting that demand, but additionally remove barriers to growing the economy.