



ENERGY AUDITS & INCENTIVES HELPING BUSINESSES LOWER THEIR ENERGY COSTS

DESCRIPTION

Commercial and industrial ratepayers consume 64 percent of the State's electricity, making them the largest financial contributor to the State's Clean Energy Fund. Yet New Jersey's policies skew funding for clean energy projects towards residential projects that yield substantially less in pollution reduction.

In order to attain its energy efficiency goals, the State should invest more in energy efficiency programs for commercial and industrial ratepayers because these investments return greater energy savings and greater reductions in pollution than investments in residential projects. The State should remove the cap on energy efficiency rebates and engage in energy audits for commercial and industrial energy users.

Investing more in commercial and industrial clean energy projects will also help New Jersey's economic competitiveness. New Jersey's commercial and industrial electricity consumers pay some of the highest rates in the country. Increasing energy efficiency would help them reduce a key cost of doing business in the Garden State.

In short, greater clean energy incentives for business will pay off in greater pollution reduction for the tax dollar and make our private-sector more competitive.

BACKGROUND

The Board of Public Utilities (BPU) administers the Clean Energy Program, which is funded by ratepayers through the Societal Benefits Charge (SBC).

The SBC was created as part of the 1999 energy deregulation initiative and is divided amongst six policy initiatives. One of these is the State's Clean Energy Program, which operates the Clean Energy Fund. The Clean Energy Fund provides incentives, usually in the form of rebates or grants, for homeowners and businesses to engage in energy efficiency projects. These include renewable energy projects, such as solar energy and wind power, and conservation projects such as energy efficiency audits and upgrades.

The BPU decides how to divide Clean Energy Fund monies between residential customers and commercial and industrial customers. Recently, the solar energy program rebates have been eliminated for larger commercial and industrial

ratepayers, and residential and small business projects are only funded through 2012.

The Board limits the amount of energy efficiency rebates for a commercial or industrial ratepayer to \$200,000 per entity.

Currently the Clean Energy program does not have an energy audit program or educational assistance aimed at commercial and industrial ratepayers, while there is audit assistance for residential and municipal ratepayers.

NJBIA POSITION

The State should encourage more commercial and industrial energy efficiency programs by removing the \$200,000 cap on commercial and industrial ratepayers regarding energy efficiency rebates and incentives.

The State should direct more resources toward commercial and industrial ratepayers for energy audits and education programs aimed at increased energy efficiency.

The State should not mandate energy efficiency or renewable projects on businesses, but maintain a system that encourages them to voluntarily undertake such projects by providing financial incentives.

ARGUMENTS FOR SUPPORTING MORE COMMERCIAL AND INDUSTRIAL ENERGY EFFICIENCY PROJECTS

New Jersey's commercial and industrial energy consumers pay some of the highest electricity rates in the nation. According to the federal Energy Information Agency, New Jersey's industrial users pay the 7th highest electric rates in the nation and commercial users pay the 11th highest.

Commercial and industrial users consume 64 percent of all electricity sold in New Jersey. Therefore, they contributed the most to the Clean Energy Fund through the SBC yet receive the least of the benefits.

Investments in commercial and industrial energy efficiency projects yield much greater public benefits than investments in residential projects. While the State invested much less in commercial and industrial projects in 2006, these projects yielded three times the reduction in carbon emissions than residential projects.

Commercial and Industrial efficiency projects often cost more than \$200,000 but yield a significantly larger bang for the buck in terms of KWh saved. For the 2008 year the BPU has budgeted over \$57 million for these projects. In prior years there has been carry over money, which could be attributed to the low rebate levels.

COST

BPU records show that investments in commercial and industrial energy efficiency projects provide greater pollution reduction for the dollar than investments in residential projects.

In 2006, the Clean Energy Program budgeted over \$79 million for residential efficiency programs, while only \$39 million was budgeted for commercial and industrial programming. The Clean Energy Program Report for 2006 showed that commercial and industrial programs reduced carbon emissions by 67,969 metric tons, compared to residential programs, which reduced them by only 19,032 metric tons.

In other words, **commercial and industrial projects achieved nearly three times the benefit at half of the costs.**

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