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May 17, 2019

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BOARD OF PUBLIC UTILITIES
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Via Overnight Mail and Email

Ms. Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

**Re: I/M/O the Petition of Public Service Electric & Gas Company for Approval
of its Clean Energy Future-Energy Efficiency ("CEF-EE") Program on a
Regulated Basis**

EO 18101113

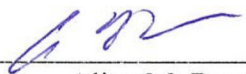
BPU Docket Nos.: G018101112 & E010121113

Dear Secretary Camacho-Welch:

On behalf of Enel X North America, Inc. ("Enel X"), we submit herewith an original and ten (10) copies of a Letter Brief in the above-referenced matters. Thank you for your attention to this matter.

Very truly yours,

**DECOTIIS, FITZPATRICK, COLE
& GIBLIN, LLP**

By: 
Alice M. Bergen

Encls.
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Case Mgmt

cc: BPU Service List (via e-mail only)



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E01810113

BPU Docket Nos.: G018101112 & E010121113

Dear Secretary Camacho-Welch:

This law firm represents Enel X North America, Inc. (formerly known as EnerNOC, Inc.) ("Enel X") in the above-referenced matters. Kindly accept this letter brief, in lieu of a more formal brief on behalf of Enel X. This letter brief also supplements the previous submissions by Enel X in these proceedings to date, including its comments at the Public Hearing held on March 18, 2019; the Settlement Conference held on April 9, 2019; as well as its Statement from the Evidentiary Hearing conducted on May 1, 2019.

INTRODUCTION

Enel X submits this brief in support of Public Service Electric and Gas Company's ("PSEG") Clean Energy Future - Energy Efficiency (CEF-EE) filing. As stated throughout these proceedings, as a company that participates in utility energy efficiency and demand response programs across North America, with a strong presence in New Jersey, in Enel X's expert analysis,



it urges the Board of Public Utilities (“BPU” or the “Board”), to approve PSEG’s filing, for several compelling reasons. First, the programs proposed by PSEG are robust and well-designed and will help achieve the state’s Energy Efficiency (“EE”) goals in a cost-effective manner. Second, Enel X has observed and experienced that states which have utility-administered EE programs achieve superior results over those that have state or state-commission-administered EE programs. Third, Enel X also supports PSEG’s decoupled rate structure proposal, the Green Enabling Mechanism (“GEM”) because in its experience, states with decoupled rate structures, like the GEM proposed here, achieve superior EE results as well. Fourth and finally, delaying these initiatives would only hinder the objectives of the Clean Energy Act.

A. Background as to Enel X

Enel X is the legacy of EnerNOC, based in Boston, which was acquired by Enel X in 2017. Enel X is the largest provider of grid flexibility services in the world (including demand response service), operating in 30 countries. Enel X has thousands of customer relationships, totaling roughly 4,000 MW in the US, including a large footprint of customers in New Jersey. Enel X gives utilities flexibility in managing their distribution systems and has implemented over a dozen utility programs across the United States starting over the last decade.

Specifically, in addition to demand response, Enel X provides complete energy storage solutions to businesses and consumers. Enel X partners with utilities nationwide to make the electric grid more affordable, reliable and clean. Since its first installation, Enel X has deployed over 20 customer-sited energy storage projects that provide multiple services to save energy users money and support the local grid. In its experience, energy efficiency and demand response are natural complements to each other. Demand response offers ways to dynamically and flexibly control load to reduce system costs. Customer energy cost is dependent on many factors including: capacity (construction of power plants); energy (real time costs); and transmission and distribution.

Demand on the system varies by the time of year, the day, the hour, even down to the minute. Enel X works with utilities and customers to help use the grid more intelligently.

In neighboring states, Enel X has helped customers and utilities develop world-class energy management tools. In New Jersey, Enel X works with hundreds of customers to flexibly manage energy consumption. With this backdrop in mind, Enel X believes that New Jersey has a bright future for clean energy and that these PSEG programs represent an important step in achieving that goal.

B. Facts and Procedural History of the Proceedings.

On January 13, 2008, L. 2007, c. 340 (the “Act”) was signed into law based on the New Jersey Legislature’s findings that energy efficiency and conservation measures must be essential elements of the State’s energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45. (See October 29, 2018 Board Order at pg. 1).

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1 (a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program costs investments in the utility’s rate base, or recovering the utility’s technology and program costs through another ratemaking methodology approved by the Board. (Order at pg. 1).

On October 11, 2018, PSEG filed a petition with the Board. In the filing, PSEG seeks approval to implement twenty-two sub-programs, including seven residential subprograms, seven commercial and industrial (“C&I”) subprograms, and eight pilot subprograms (collectively, “2018 EE Programs”). The total proposed investment for the 2018 EE Programs is approximately \$2.8 billion (\$2.5 billion for investment and approximately \$283 million in operating and expenses over the proposed 6-year term of the program). PSEG proposes to recover costs associated with the program through Cost recovery would be made and tracked via a new CEF-EE Program component (“CEF-EEC”) of its electric and gas Green Programs Recovery Charge (“GPRC”), which would be filed annually after the proposed initial period. In addition, PSEG proposes a mechanism for recovering lost revenues and requests the Board to approve this mechanism. (Order at pg. 2).

PSEG also proposes a decoupling mechanism (“Green Enabling Mechanism or “GEM”) that will solve for lost revenue recovery. PSEG proposes to become the exclusive provider of regulated EE programs. (See PSEG’s October 11, 2018 filing with the BPU, Petition, at ¶¶14, 26, 28).

Thereafter, PSEG submitted a supplemental filing on January 7, 2019, following a deficiency letter from Staff. On January 22, 2019, the Board entered a Prehearing Order setting forth a procedural schedule. Public hearings were held on these proceedings on March 13, March 18, and March 21, 2019. Thereafter, a settlement conference was conducted on April 9, 2019, and evidentiary hearings were held on May 1 and 2, 2019.

C. PSEG’s Petition Should Be Approved

Enel X urges the Board to approve PSEG’s filing for several reasons: First, Enel X fully supports PSEG’s filing, and believes that based upon its expertise and experience in the field, that the program is robust and comprehensive, as the program contains 22 subprograms, including

seven residential subprograms, seven commercial and industrial subprograms, and eight pilot subprograms. Enel X fully supports PSEG's position that the programs will increase energy efficiency in all spaces of the economy and offer savings opportunities across a wide customer base, including low income, multi-family, small business, and local government customers, thus all customer classes will benefit from the programs. Moreover, Enel X believes the filing is consistent with New Jersey's Energy Master Plan and New Jersey's Clean Energy Act and will help meet New Jersey's clean energy goals, while also providing benefits to consumers and the State.

Second, Enel X believes it is preferable for utilities to operate/administer EE, based on Enel's experience in other states and finds that utility-driven programs consistently achieve greatest results for customers, compared to state-agency driven programs. Enel X's position is that utility administered and operated EE programs are more cost effective, efficient, and save more energy. Indeed, Enel X reiterates the Rebuttal Testimony offered by Karen Reif, dated April 15, 2019, submitted in these proceedings, which notes that "[t]here is wide stakeholder alignment that moving towards a utility program administrator model is the right move for New Jersey." (See Reif Rebuttal Testimony at pg. 18). Ms. Reif also notes, for example, that in comments, the Natural Resources Defense Council, the Environmental Defense Fund, and the New Jersey League of Conservation Voters assert that "utilities should be responsible for program design, and implementation," (BPU Docket No. QO19010040, Comments of NRDC, EDF and the New Jersey League of Conservation Voters February 15, 2019, at p. 50 (accessible at <https://s3.amazonaws.com/njcepf/Binder1.pdf>)), while the Energy Efficiency Alliance of NJ states that "utilities should be empowered to propose and administer programs[.]" *Id.* at p. 103. (See Reif Rebuttal Testimony at pg. 18).

Third, Enel X supports PSEG's decoupling/GEM, and believes it to be an essential element of meeting the targets as set forth in its filing in that it removes the financial disincentive for PSEG to pursue energy efficiency measures. Enel X reiterates and supports the direct testimony of Amanda Levin, on behalf of intervenors in these proceedings (Environment New Jersey, Sierra Club, Environmental Defense Fund, New Jersey League of Conservation Voters, and Natural Resources Defense Council), that the GEM proposal will be a complement to and is essential in allowing PSEG to pursue its expanded, strengthened efficiency portfolio over the next several years.

Enel X concurs with Levin that breaking the link between sales and a utility's profit is an important step which will "allow PSEG to adopt a business model based on providing energy products and services tailored to meet customer needs while maintaining a reliable grid." As well as that "PSEG's filing in this docket is a clear step towards this more customer-centric, technology-forward approach." (See Levin Direct Testimony at pg. 11).

Central to Enel X's position in these proceedings, PSEG has also proposed several innovative pilot programs, which represent a vital step by PSEG in meeting the objective of the Clean Energy Act. Indeed, Enel X has a unique expertise in developing demand response programs, including the types that PSEG proposes here, such as its "Non-Wires Alternative Pilot" and "Non-Pipes Solution Pilot". These programs will join other Non-Wires and Non-Pipe Solutions that are growing in number and importance nationally, holding great promise for PSEG residents in New Jersey. These programs are different from broader peak shaving programs in that they are targeting a stressed, smaller geographical area. These programs are growing more common especially in densely populated areas (similar to New Jersey). The objective of these programs is to defer or eliminate the need to construct new distribution systems. Non-Pipes and Non-Wires are being successfully implemented in other states, and Enel X is eager to assist PSEG

implementing them in New Jersey as well. The programs offer several key benefits, including reducing the peak at a specific location or locations and avoiding the cost of a new distribution, as well as avoided generation capacity, energy, and environmental benefits. Finally, it should be noted that there is currently no statewide Office of Clean Energy ("OCE") program for these pilot programs. This means that PSEG can straightforwardly administer these programs from their inception without any transition problems. Moreover, these pilot programs have been subject to scrutiny, and no issues have been identified that would stand in the way of their implementation.

Finally, despite that the BPU has ongoing initiatives under the Clean Energy Act, Enel X supports PSEG's position that the program is timely now, and not premature. Contrariwise, a delay in these initiatives will only hinder the BPU's ability to attain the objectives of the Clean Energy Act.

CONCLUSION

For all of the foregoing reasons, Enel X fully support and encourages the BPU to approve PSEG's filing.

Respectfully submitted,

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