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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

May 17, 2019

**VIA FEDERAL EXPRESS and
ELECTRONIC MAIL**

aida.camacho@bpu.nj.gov
board.secretary@bpu.nj.gov

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

RE: In the Matter of Public Service Electric and Gas Company for Approval of
Its Clean Energy Future-Energy Efficiency ("CEF-EE") Program on a
Regulated Basis
BPU Docket Nos. GO18101112 and EO18101113

Dear Secretary Camacho-Welch:

The undersigned is Assistant General Counsel to Atlantic City Electric Company ("ACE" or the "Company"), a participant in the above-reference matter. Kindly accept this letter in lieu of a more formally styled brief.

Although ACE will not be submitting a detailed brief at this juncture in the proceeding, the Company reserves the right to comment and/or respond during the reply phase of briefing. In the interim, ACE reiterates the comments that were placed upon the record on May 1, 2019, a copy of which is attached as **Exhibit A**.

The Company continues to welcome the opportunity to work with the New Jersey Board of Public Utilities, its fellow utilities, and stakeholders to develop a customer-centric energy efficiency portfolio that helps the State meet the ambitious objectives of the Clean Energy Act.

CMS
A. Reid, Esq.
J. Dempsey, Esq.
S. Hunter
S. Peterson
S. Bluhm
C. Vachier, Esq.

Respectfully submitted,

Passanante /jpr
Philip J. Passanante
An Attorney at Law of the
State of New Jersey

Enclosure

cc: Service List (electronic only)
Honorable Dianne Solomon

Exhibit A

BEFORE THE NEW JERSEY BOARD OF PUBLIC UTILITIES

**IN THE MATTER OF THE PETITION OF
PUBLIC SERVICE ELECTRIC AND GAS COMPANY
FOR APPROVAL OF ITS CLEAN ENERGY FUTURE-ENERGY
EFFICIENCY PROGRAM ON A REGULATED BASIS**

BPU Docket Nos. EO18101113 and GO18101112

**STATEMENT OF PHILIP J. PASSANANTE ON BEHALF OF
ATLANTIC CITY ELECTRIC COMPANY**

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Good morning, Commissioner Solomon and ladies and gentlemen. My name is Philip J. Passanante and I am Assistant General Counsel to Atlantic City Electric Company.

Atlantic City Electric appreciates the opportunity to provide a statement in support of key program design components proposed in Public Service Electric and Gas Company's ("PSE&G") Clean Energy Future Energy Efficiency Program plan. Atlantic City Electric is very supportive of advancing the State's clean energy goals through increased energy efficiency and strives to provide a cleaner and brighter future for our customers and communities.

Atlantic City Electric would first like to comment on the role of the utility in meeting the State's two percent energy reduction target. It is important to implement a robust portfolio of utility administered programs for residential and commercial and industrial customers and address unique customer segments like low income, small business, and local government. The program portfolio should be cost-effective and provide significant benefits to all customers and the broader society. Most importantly, the utility, which is statutorily responsible for achieving these reductions, must be allowed to manage the programs that will allow it to meet the

mandated goals. This type of administrative structure would support New Jersey as a state leader in clean energy.

Second, while many energy efficiency programs can be designed and implemented today, Atlantic City Electric believes that adopting and fully deploying advanced metering infrastructure, or AMI, in New Jersey is a necessary step toward developing a modern grid. Initial investments in AMI and a Smart Energy Platform are prudent to implement programs, rates, and operational tools that will have future implications for customers to manage their energy, save money, and contribute to the goals set forth in New Jersey's Clean Energy Act. From a nationwide perspective, a two percent annual energy reduction is an aggressive goal, even with AMI. To meet these goals without AMI will be difficult.

Given the high level of savings required in the Clean Energy Act and the absence of robust deployment of AMI in New Jersey, the BPU should consider leveraging the implementation of AMI to support energy efficiency programs increasing program cost effectiveness, driving greater energy savings, and enhancing the customer experience. The State will need every tool in its arsenal to achieve an ambitious two percent savings goal and AMI must be a part of that strategy.

Atlantic City Electric would also like to comment on decoupling or a lost revenue recovery mechanism.

The existing distribution rate structure provides strong incentives for utilities to sell as much electricity as possible. Energy efficiency and demand response programs reduce sales and negatively impact revenues and fixed cost recovery. As acknowledged by the Clean Energy Act, the continued development and expansion of electric energy efficiency measures and demand response services is a key energy policy initiative for the State of New Jersey. The legislation requiring increased

energy efficiency sensibly provides for the recovery of lost revenues stemming from the implementation of energy efficiency measures. This important element of the legislation must be included in the review of the utilities' energy efficiency programs. Atlantic City Electric supports a decoupling mechanism such as the one proposed by PSE&G to remove the disincentive caused by the revenue impact of lost sales as a result of energy efficiency programs. A decoupling mechanism aligns the interests of the utility with customers and the policy initiatives of the Board by breaking the link between increased sales and revenues. Atlantic City Electric also supports a multi-year cost recovery mechanism similar to the PSE&G proposal.

Thank you once again for the opportunity to provide comments. Atlantic City Electric continues to welcome the opportunity to work with the New Jersey Board of Public Utilities and stakeholders to develop a customer-centric energy efficiency portfolio that helps the State meet the ambitious objectives of the Clean Energy Act.