



Agenda Date: 9/21/11  
Agenda Item: 8C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY ) ORDER  
EFFICIENCY AND RENEWABLE ENERGY RESOURCE )  
ANALYSIS FOR THE YEARS 2009 - 2012: REVISED ) DOCKET NOS. EO07030203  
2011 PROGRAMS AND BUDGETS ) and EO10110865

Parties of Record:

**Joe Gennello**, Honeywell Utility Solutions  
**Diane Zukas**, TRC Energy Services  
**Bruce Grossman**, South Jersey Gas Company

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at its September 21, 2011 public meeting, where the Board considered proposed modifications to 2011 programs and budgets for New Jersey's Clean Energy Program.

**BACKGROUND AND PROCEDURAL HISTORY**

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("EDECA") was signed into law. EDECA established requirements to advance energy efficiency and renewable energy in New Jersey through the societal benefits charge. N.J.S.A. 48:3-60(a)(3). EDECA further empowered the Board to initiate a proceeding and cause to be undertaken a comprehensive resource analysis ("CRA") of energy programs, which is currently referred to as the comprehensive energy efficiency ("EE") and renewable energy ("RE") resource analysis. Ibid. After notice, opportunity for public comment, public hearing, and consultation with the New Jersey Department of Environmental Protection ("DEP"), within eight months of initiating the proceeding and every four years thereafter, the Board determines the appropriate level of funding for EE and Class I RE programs that provide environmental benefits above and beyond those provided by standard offer or similar programs in effect as of February 9, 1999. These programs are now called New Jersey's Clean Energy Program (the "NJCEP").

By Order dated April 27, 2007, Docket No. EO07030203, the Board directed the Office of Clean Energy ("OCE" or "Staff") to initiate a third comprehensive EE and RE resource analysis proceeding and to schedule public hearings on program funding and funding allocations for the

years 2009 through 2012. By Order dated September 30, 2008 (the "CRA III Order"), Docket No. EO07030203, the Board concluded this proceeding and set funding levels of \$245 million for 2009, \$269 million for 2010, \$319.5 million for 2011, and \$379.25 million for 2012. By Order dated December 22, 2010, Docket Nos. EO07030203 and EO10110865, the Board approved 2011 programs and budgets for the NJCEP ("2011 Budget Order") as well as the compliance filings of Honeywell International, Inc. ("Honeywell"), TRC, Inc. ("TRC"), the OCE, and the electric and gas utilities (collectively referred to as "the Utilities"). The compliance filings included program descriptions and detailed budgets for each program.

By Orders dated April 13, 2011, June 2, 2011, June 20, 2011 and August 18, 2011, the Board approved revisions to the 2011 programs and budgets. In this order the Board will consider additional changes to the 2011 NJCEP programs and budgets.

### **PROPOSED CHANGES TO PROGRAMS AND BUDGETS**

Honeywell, the Residential EE and RE program Market Manager, TRC, the Commercial and Industrial ("C&I") program Market Manager, and the Utilities, the Comfort Partners low-income program manager, have proposed a number of changes to the 2011 programs and budgets as follows:

#### *Residential HVAC Electric and Gas Program*

Due to the overwhelming market response to the HVAC program in late 2010 and in 2011, and the resulting volume of customer rebate applications received for processing, Honeywell proposed to increase the HVAC program "Rebates, Grants and other Direct Incentives" budget category by \$2,720,000 and to increase the HVAC program "Rebate Processing, Inspections and other Quality Control" budget category by \$218,426. These funds would be reallocated from other existing Residential EE programs as discussed below, and would not increase the overall Residential EE Programs budget. These adjustments are needed to keep the program open through the remainder of the year and would support both customer incentives and processing for an additional 6,200 units as compared to the initial estimated number of units to be processed in 2011.

#### *ENERGY Efficient Products Program*

The consumer response to the ENERGY STAR® Clothes Washer Appliance Rebate Program combined with the success of the American Resource and Recovery Act ("ARRA") State Energy Efficient Appliance Rebate Program ("SEEARP") has resulted in an influx of rebate applications in excess of planned units. In addition, Honeywell proposed to increase program goals by 1,020,000 CFLs, lighting fixtures and LED markdowns, 8,000 clothes washers and 25,000 set top boxes. Honeywell proposed to increase the Energy Efficient Products program "Rebates, Grants and other Direct Incentives" budget component by \$2,000,000 and to increase the "Rebate Processing, Inspections and other Quality Control" budget component by \$186,747. These funds would be reallocated from other existing Residential EE programs as discussed below, and would not increase the overall Residential EE Programs budget.

#### *Home Performance with ENERGY STAR Budget*

The Home Performance with Energy Star program has had less participation this year than originally estimated and budgeted for. Accordingly Honeywell proposed shifting \$4,720,000

from the Home Performance with Energy Star program "Rebates, Grants and other Direct Incentives" budget category and \$405,173.24 from the Home Performance with Energy Star program "Rebate Processing, Inspections and other Quality Control" budget category to the HVAC and Energy Efficient Products programs as discussed above, i.e., shifting \$5,125,173.24 (\$4,720,000.00 plus \$405,173.24) from the Home Performance with Energy Star program to the HVAC and Energy Efficient products programs in the amounts set out above. The total Residential EE Programs budget would remain unchanged at \$91,932,074.57.

The following table shows the revised detailed budgets proposed by Honeywell incorporating the changes discussed above:

**Proposed Revised 2011 Residential Efficiency Budget**

Program	Total	Administration, IT and Program Development	Sales & Marketing	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections and Other Quality Control	Performance Incentives	Evaluation and Related Research
Residential HVAC - Electric & Gas	\$22,724,583.98	\$1,306,764.00	\$0.00	\$354,001.80	\$17,892,918.52	\$3,038,657.26		\$132,242.40
Residential New Construction	\$19,943,969.50	\$1,249,392.00	\$0.00	\$0.00	\$16,497,157.80	\$1,951,092.50		\$246,327.20
Energy Efficiency Products	\$18,193,381.04	\$1,655,032.84	\$0.00	\$0.00	\$15,446,343.30	\$933,169.20		\$158,835.70
Home Performance with Energy Star	\$29,760,156.05	\$1,044,421.08	\$0.00	\$0.00	\$26,397,858.22	\$2,317,876.75		\$0.00
Marketing	\$1,309,984.00	\$0.00	\$1,309,984.00	\$0.00	\$0.00	\$0.00		\$0.00
Sub Total Residential Programs	\$91,932,074.57	\$5,255,609.92	\$1,309,984.00	\$354,001.80	\$76,234,277.84	\$8,240,795.71		\$537,405.30

*Home Performance with ENERGY STAR Summer Promotion*

Honeywell is seeking approval to extend the Home Performance with Energy Star program "Summer Promotion", which is currently in progress and approved through September 30, 2011. The "Summer Promotion" offers increased incentives to customers that participate in the Home Performance with Energy Star program and is intended to stimulate participation in the program. The extended "Summer Promotion" or "Fall Promotion" would start on October 1, 2011 and end on December 31, 2011. The Summer Promotion has not resulted in the desired Home Performance with Energy Star program participation increase, but is starting to show signs of increased enrollment. Between September 15 and Thanksgiving is one of the strongest heating system replacement periods. Extending the promotion beyond September will be critical and timely for contractors to enroll homeowners in the Home Performance with Energy Star program who need to replace their heating systems. This extended promotion would create an opportunity for contractors to sell homeowners considering replacing their heating systems comprehensive "whole house" solutions and resulting energy savings.

*C&I Programs*

Both the C&I Retrofit and Direct Install programs have experienced higher than anticipated participation levels in 2011. Specifically, through June 30, 2011, actual program expenses plus rebate commitments for each program exceeds 70% of the budget. As result, TRC proposes to reallocate program incentive budgets between C&I Programs to ensure incentives are available for these programs to meet market demand. After a careful review of activity across all C&I programs, and making projections for the remainder of 2011, TRC determined that funds can

be allocated from the C&I New Construction, Local Government Energy Audit and the Pay-for-Performance programs without negatively impacting their operation for the remainder of the year.

Based on the above, TRC proposed to transfer \$6,000,000 to the C&I Retrofit program and \$8,000,000 to the Direct Install program. \$2,000,000 of this amount would be transferred from the C&I New Construction program, \$9,000,000 from the Pay-for-Performance program and \$3,000,000 from the Local Government Energy Audit program. TRC estimates that sufficient funds will remain in the program budgets of each of these programs to meet anticipated 2011 program activities.

The following table shows the revised detailed budgets proposed by TRC incorporating the changes discussed above:

**2011 Revised C&I Energy Efficiency Program Budget**

PROGRAM	Total 2011 Budget	Admin.and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	Evaluation & Related Research
C&I New Construction	\$ 6,867,143.41	\$ 253,629.03	\$ -	\$ 393,591.00	\$ 5,977,169.00	\$ 242,754.38	\$ -	\$0
C&I Retrofit	\$ 45,899,451.30	\$ 684,012.36	\$ -	\$ 435,295.88	\$ 42,901,000.00	\$ 1,879,143.06	\$ -	\$0
Pay for Performance New Construction	\$ 7,471,645.96	\$ 193,192.94	\$ -	\$ 494,610.08	\$ 6,604,000.00	\$ 179,842.94	\$ -	\$0
Pay for Performance	\$ 43,355,701.50	\$ 539,445.79	\$ -	\$ 510,534.64	\$ 41,864,264.68	\$ 441,456.39	\$ -	\$0
CHP	\$ 1,002,122.83	\$ -	\$ -	\$ -	\$ 1,000,000.00	\$ 2,122.83	\$ -	\$0
Local Government Energy Audit	\$ 9,115,170.97	\$ 216,085.48	\$ -	\$ -	\$ 7,400,000.00	\$ 1,499,085.49	\$ -	\$0
Direct Install	\$ 36,896,150.92	\$ 601,796.36	\$ 30,025.00	\$ 10,000.00	\$ 34,775,000.00	\$ 479,329.56	\$ -	\$0
TEACH	\$ 682,829.50	\$ 24,000.00	\$ -	\$ 134,369.50	\$ 524,460.00	\$ -	\$ -	\$0
Large Energy Users Pilot Program	\$ 20,000,000.00	\$ 104,911.00			\$ 19,496,660.60	\$ 398,428.40		
Marketing	\$ 1,075,000.00	\$ -	\$ 1,075,000.00	\$ -	\$ -	\$ -	\$ -	\$0
<b>TOTAL C&amp;I Programs</b>	<b>\$171,365,216.39</b>	<b>\$ 2,617,072.96</b>	<b>\$ 1,105,025.00</b>	<b>\$ 1,978,401.10</b>	<b>\$160,542,554.28</b>	<b>\$ 5,122,163.05</b>	<b>\$ -</b>	<b>0.00</b>

The total C&I EE program budget remains unchanged.

*Comfort Partners Program*

The Comfort Partners program is managed jointly by six of the State's electric and natural gas utilities. Each utility has an individual program budget. While the overall program remains within budget, certain utilities have experienced higher than anticipated activity levels and/or higher costs per treated home while other have experienced lower than anticipated activity levels and/or lower costs per treated home. Therefore, the Utilities have proposed to reduce Elizabethtown Gas Company's Comfort Partners program Rebates, Grants and Other Direct Incentives budget category by \$500,000 and to increase the Comfort Partners program Rebates, Grants and Other Direct Incentives budget category of Atlantic City Electric Company by \$200,000 and of New Jersey Natural Gas Company by \$300,000, resulting in no net change to the overall Comfort Partners program budget.

The following table shows the revised budgets proposed by the Utilities incorporating the changes discussed above:

COMFORT PARTNERS - 2011 Program Proposed Budget 8-30-11

	Total	Administration & Program Development	Sales, Marketing, Call Center, Website	Training	Rebates, other Direct Incentives	Rebate Processing, Inspections & QA	Evaluation & Research
ACE	\$1,349,716.85	\$28,519.49	\$11,211.16	\$10,063.38	\$1,202,386.45	\$97,536.37	\$0.00
JCP&L	\$4,218,211.87	\$281,407.58	\$74,590.26	\$40,056.76	\$3,435,239.23	\$386,918.04	\$0.00
PSE&G- Elec	\$6,856,226.32	\$404,548.66	\$120,763.13	\$62,371.32	\$5,781,173.44	\$487,369.77	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$3,981,984.32	\$187,444.20	\$77,103.97	\$27,974.22	\$3,491,604.42	\$197,857.51	\$0.00
Elizabethtown	\$2,569,483.34	\$143,450.38	\$23,670.50	\$26,257.86	\$2,251,024.27	\$125,080.33	\$0.00
PSE&G-Gas	\$10,194,339.52	\$504,386.37	\$136,943.54	\$62,246.21	\$8,960,814.21	\$529,949.19	\$0.00
SJG	\$1,659,345.89	\$130,031.28	\$15,928.24	\$14,392.28	\$1,389,969.78	\$109,024.31	\$0.00
<b>TOTAL</b>	<b>\$30,829,308.11</b>	<b>\$1,679,787.96</b>	<b>\$460,210.80</b>	<b>\$243,362.03</b>	<b>\$26,512,211.80</b>	<b>\$1,933,735.52</b>	<b>\$0.00</b>

**Summary of Comments**

The changes proposed by Honeywell and TRC discussed above were presented and discussed at the August 9, 2011 meeting of the EE Committee and were circulated to the EE and RE list serves for comment on August 11, 2011 and August 18, 2011. The changes proposed by the Utilities were circulated for comment on August 30, 2011. The proposal to extend the Home Performance with Energy Star program "Summer Promotion" was circulated for comment on September 1, 2011. Comments were received from the Division of Rate Counsel (Rate Counsel), Mr. George F. Kraemer, Mr. Doug Wong, Mr. David Sims, Mr. Ed Schwartz, Mr. Jim Price, the New Jersey State Association of Air Conditioning Contractors of America ("NJACCA"), Efficiency First, New Jersey Natural Gas Company ("NJNG"), and Mr. Thomas Pankok. Rate Counsel submitted comments dated August 25, 2011 regarding the budget transfers proposed by Honeywell and TRC, dated September 8, 2011 regarding the Utilities proposal to revise the Comfort Partner program budget, and dated September 12, 2011 regarding the proposed extension of the Home Performance with Energy Star ("HPWES") Summer Promotion.

*Proposed Budget Revisions*

**Comment:** Rate Counsel noted that the proposed changes to the residential program budgets were driven by higher than anticipated participation in the HVAC and Energy Efficient Products programs and lower than anticipated participation levels in the HPWES program. Rate Counsel reiterated its belief that increasing participation in the HPWES program relative to other programs would be a good outcome since HPWES takes a whole building approach to increasing energy efficiency while other programs may focus only on individual appliances resulting in lost opportunities for overall cost-effective energy efficiency.

Rate Counsel did not object to the proposed residential program budget reallocation but recommended further investigation into the cause of low participation in the HPWES program. Rate Counsel recommended that the OCE, Honeywell and the HPWES program administrator consider further changes to the incentive structure and reassess marketing strategies for HPWES and other programs for the 2012 program cycle. Rate Counsel also stated that it did not object to the proposed budget changes recommended by the Utilities.

**Response:** The OCE concurs with Rate Counsel that the reason for the low-participation rates in the HPwES program requires further investigation. As noted by Rate Counsel, the Board recently approved a summer promotion with increased incentives for customers that participate in the HPwES program. The OCE has commenced discussions with the HPwES program manager regarding the response to the summer promotion and to identify other potential changes that could reduce barriers to customer participation in this program. The OCE notes that on August 26, 2011 additional potential program changes were submitted for consideration by the HPwES contractor community. These and other proposed program modifications will be discussed at the next EE Committee meeting and OCE welcomes Rate Counsel's ideas regarding ways to improve program participation levels.

**Comment:** With respect to the proposed changes to the C&I program budgets, Rate Counsel stated that additional information is needed to evaluate the proposed changes and that its recommendations are contingent upon the ability of the various C&I programs to meet their program goals. If the C&I New Construction, Pay-for-Performance and Local Government Energy Audit programs can meet their program goals even with the proposed reduced funding levels, Rate Counsel has no objection to the proposed transfers. Rate Counsel noted the following reservations regarding the proposed revisions to the C&I program budgets:

- Data on program spending to date should have been provided with the proposal, especially given the size of the requested transfers.
- It appears that Direct Install is 90% above its goal for job completions through July 2011. TRC should consider reducing Direct Install incentives, especially if the trend from July 2011 continues.
- C&I Retrofit is at roughly 50% of its completed projects goal for the year (12% above its goal for June 2011), yet it has expended 71% of the 2011 budget through June. TRC should have provided an explanation for this in the proposal.
- All C&I programs (except Pay for Performance — New Construction) surpassed their goals through June 2011. TRC should provide a detailed explanation of what "without negatively affecting their operation" means, as referenced in the OCE's C&I proposal. If this means that the C&I NC, P4P Existing, and LGEA programs could meet their program goals even with the reduced funding level, Rate Counsel has no objection to the transfers. However, TRC should provide details on how it made such a determination for programs that are exceeding their year to date participation goals.

**Response:** The OCE and the Market Managers provide regular updates regarding program activity levels both through regular monthly reports that are posted on the NJCEP web site and through presentations and handouts at the monthly EE Committee meetings. However, Staff will coordinate with TRC to ensure that additional support is included in future requests for comments. Further, additional information was circulated on August 24, 2011 in response to a request for additional information.

512 municipalities in the State were eligible for federal Energy Efficiency and Conservation Block Grants ("EECBG"), which, when combined with the Direct Install program incentives, resulted in municipalities being eligible for up to \$125,000 in EE measures at no cost to the municipality. A majority of the 2011 activity in the Direct Install program resulted from the submission of a large number of applications from municipalities that also received EECBG grants. This is a one-time event since all of the EECBG funds have now been expended or

committed. The OCE does not believe that 2011 participation levels indicate the need to lower incentive levels given that participation levels of non-EECBG eligible customers has been lower than anticipated. Staff is currently developing recommendations regarding 2012 incentives and welcomes Rate Counsel's input regarding proposed incentive levels.

C&I Retrofit spending is a function of both the number of customers that participate and the size of the projects. The fact that the program is at 50% of its participation goal and 70% of its budget is an indication that larger projects are applying for applications than in past years. As noted above Staff agrees that additional support documentation of this nature should be provided along with future requests for budget changes.

In response to the last bullet above, TRC indicated that it has reviewed the number of existing and pending applications plus trends in receipt of applications to estimate the number of applications it anticipates receiving through the end of the year. TRC has indicated the adjusted budgets are sufficient to meet anticipated program activity levels through the remainder of the year.

**Comment:** Mr. Kraemer commented on the substantial level of paperwork required to participate in the HPwES program, particularly in comparison to the HVAC program. The program also requires QA inspections and BPI certification which are not required by the HVAC program. He states that these factors lead contractors to steer customers away from the HPwES program. Mr. Kraemer recommends that the program explore opportunities to substantially reduce the paperwork related to participating in the program. The HPwES program provides services over and above those provided to customers that participate in the HVAC program such comprehensive energy audits that identify health and safety issues. Mr. Kraemer states that to reallocate funds away from the HPwES program would be a mistake and do a tremendous disservice to the public where the primary reason for the program is to save energy.

**Response:** The OCE shares Mr. Kraemer's concerns related to the level of paperwork and other requirements related to participating in the HPwES program. Staff has commenced discussions with the Market Manager team, HPwES contractors, and others, to consider potential changes to the program aimed at increasing participation levels and to explore opportunities for streamlining the programs administrative processes. Staff anticipates that the Market Manager will propose suggested changes to the program and the September EE Committee meeting and encourages Mr. Kraemer and others to participate in the meeting and to offer specific suggestions regarding ways to improve the program. However, based on current estimates, sufficient funds will remain in the HPwES program budget to meet anticipated participation levels through the end of the year. Therefore, Staff disagrees with Mr. Kraemer's conclusion that it would be a mistake to reallocate funds away from the HPwES program.

*Proposed Extension of the HPwES Program Summer Promotion*

**Comment:** Rate Counsel did not object to the proposed extension of the HPwES Summer promotion. However, Rate Counsel's support is conditioned upon implementing measures to ensure that the level of incentive does not exceed 100% of the total incremental cost of various measures qualified for the HPwES program. In addition, the OCE or the Market Manager should be required to provide support for the claim that specific incentive levels are needed to

boost the participation in HPwES. Rate Counsel continues to recommend that the cause of low participation in the HPwES program and high participation in other programs should be further investigated and that the OCE should reassess the incentive levels and marketing strategies for HPwES and other programs for 2012.

Efficiency First, NJACCA, NJNG and Messrs. Wong, Sims, Schwartz, Price and Pankok supported the proposed extension of the HPwES program Summer Promotion period. Each included reasons why they felt the HPwES program was a beneficial program and for continuing enhanced incentives. Several commenters suggested that the promotion be renamed the "Fall Promotion" as opposed to being referred to as an extension of the Summer Promotion.

**Response:** Staff shares Rate Counsel's concern that factors other than incentive levels may impact participation levels in the HPwES program and is continually working with the Market Managers, HPwES contractors and others to identify opportunities to improve program delivery. Several entities have proposed ideas for improving program delivery and these ideas are discussed at length at the monthly EE Committee meetings. Staff welcomes input regarding changes to the program, specifically, any ideas on how to increase education and outreach as suggested by Rate Counsel. Staff is considering numerous proposed program changes for 2012 and anticipates recommending several changes to the Board as it considers 2012 programs and budgets.

Staff also concurs that HPwES program incentives should not exceed 100% of the incremental cost of the measures. However, it is difficult to determine incremental cost in many instances. For example, if the customer has a functioning hot water heater the customer would typically not replace the water heater until the end of its useful life. However, based on a HPwES program energy audit, and in order to achieve the savings levels required to earn incentives, the program may entice the customer to install a new higher efficiency water heater. In this case the entire cost or a significant portion of the cost of the new water heater may be considered an incremental cost, depending on the age of the old water heater. Staff will work with the Market Manager and support additional program evaluation with the objective of identifying the incremental cost of measures installed as part of the HPwES program.

The vast majority of commenters supported an extension of the Summer Promotion. The Summer Promotion was originally intended to commence in May but due to delays did not commence until mid-June, thus missing a substantial portion of the typical period when customers replace air conditioners. The Market Manager has reported that program participation levels have begun to increase. Based on the above, Staff supports the proposed extension of the Summer Promotion through December 31, 2011 and to rename it the Fall Promotion.

### **Staff Recommendations**

Staff has reviewed the budget modifications proposed by Honeywell, TRC and the Utilities. Program participation levels are impacted by many factors outside of the control of the program managers such as the state of the economy, weather and energy prices. Based on these and other factors some programs typically have participation levels that are higher than what was estimated when the budgets were developed and some programs have lower than anticipated participation levels. Further, program consistency is important and shutting a program down



due to budget constraints would be disruptive to contractors and customers that participate in the programs. Staff encourages the program managers to shift funds from programs with lower than anticipated participation levels to those with higher than anticipated participation levels. Based on the above, Staff recommends approval of the budget changes proposed by Honeywell, TRC and the Utilities. The following table shows overall NJCEP funding levels:

**4th Revised 2011 Funding Levels**

	<b>Revised 2011 Budget From 8/18/11 Board Order</b>	<b>Line Item Transfers</b>	<b>4th Revised 2011 Funding Levels</b>
	(a)	(b)	(c)=(a)+(b))
<b>Energy Efficiency Programs</b>	\$325,875,452.17	\$0.00	\$325,875,452.17
<b>Renewable Energy Programs</b>	\$90,112,891.01	\$0.00	\$90,112,891.01
<b>EDA Programs</b>	\$57,634,153.38	\$0.00	\$57,634,153.38
<b>OCE Oversight</b>	\$7,701,050.81	\$0.00	\$7,701,050.81
<b>TRUE Grant</b>	\$25,000,000.00	\$0.00	\$25,000,000.00
<b>Total NJCEP</b>	<b>\$506,323,547.37</b>	<b>\$0.00</b>	<b>\$506,323,547.37</b>
<b>Legislative Action</b>	\$52,500,000.00	\$0.00	\$52,500,000.00
<b>Total</b>	<b>\$558,823,547.37</b>	<b>\$0.00</b>	<b>\$558,823,547.37</b>

Note: the table above corrects the table shown in the Board's August 18, 2011 order which inadvertently showed the EE funding level as \$320,875,452.17 and the RE funding level as \$95,112,891.01.

The following table shows the revised EE budgets incorporating the changes discussed above:

### 4th Revised 2011 Energy Efficiency Program Budget

	Revised 2011 Budget From 8/18/11 Board Order	Line Item Transfers	4th Revised 2011 Funding Levels
Programs	(a)	(b)	(c)=(a)+(b))
<b>Residential EE Programs</b>			
Residential HVAC - Electric & Gas	\$19,786,157.98	\$2,938,426.00	\$22,724,583.98
Residential New Construction	\$19,943,969.50		\$19,943,969.50
Energy Efficient Products	\$16,006,633.80	\$2,186,747.24	\$18,193,381.04
Home Performance with Energy Star	\$34,885,329.29	(\$5,125,173.24)	\$29,760,156.05
Residential Marketing	\$1,309,984.00		\$1,309,984.00
<b>Sub Total Residential</b>	<b>\$91,932,074.57</b>	<b>\$0.00</b>	<b>\$91,932,074.57</b>
<b>Residential Low Income</b>			
Comfort Partners	\$30,829,308.11		\$30,829,308.11
<b>Sub Total Low Income</b>	<b>\$30,829,308.11</b>	<b>\$0.00</b>	<b>\$30,829,308.11</b>
<b>C&amp;I EE Programs</b>			
C&I New Construction	\$8,867,143.41	(\$2,000,000.00)	\$6,867,143.41
C&I Retrofit	\$39,899,451.30	\$6,000,000.00	\$45,899,451.30
Pay-for-Performance New Construction	\$7,471,645.96		\$7,471,645.96
Pay-for-Performance	\$52,355,701.50	(\$9,000,000.00)	\$43,355,701.50
CHP	\$1,002,122.83		\$1,002,122.83
Local Government Energy Audit	\$12,115,170.97	(\$3,000,000.00)	\$9,115,170.97
Direct Install	\$27,896,150.92	\$8,000,000.00	\$35,896,150.92
TEACH	\$682,829.50		\$682,829.50
Marketing	\$1,075,000.00		\$1,075,000.00
Large Energy Users Pilot	\$20,000,000.00		\$20,000,000.00
<b>Sub Total C&amp;I</b>	<b>\$171,365,216.39</b>	<b>\$0.00</b>	<b>\$171,365,216.39</b>
<b>Other EE Programs</b>			
Green Jobs and Building Code Training	\$678,853.10		\$678,853.10
Competitive Grant-Loan Solicitation	\$30,000,000.00		\$30,000,000.00
Sustainable Jersey	\$1,070,000.00		\$1,070,000.00
<b>Sub Total Other Energy Efficiency Programs</b>	<b>\$31,748,853.10</b>	<b>\$0.00</b>	<b>\$31,748,853.10</b>
<b>Total Energy Efficiency</b>	<b>\$325,875,452.17</b>	<b>\$0.00</b>	<b>\$325,875,452.17</b>

The RE, Economic Development Authority ("EDA") and OCE Oversight budgets previously approved by the Board remain unchanged.

Honeywell has proposed to extend the Home Performance with Energy Star program "Summer Promotion" through December 31, 2011. The Home Performance with Energy Star program

offers customers incentives to reduce energy usage and costs through a "whole house" solution. Due to the current state of the economy and other reasons participation rates in the program have been lower than anticipated. However, Honeywell has reported that the additional incentives offered through the "Summer Promotion" are starting to build momentum in the program. Based on the above, and considering the public comments, Staff recommends approval of the proposal to extend the Home Performance with Energy Star program "Summer Promotion" through December 31, 2011 under the new title "Fall Promotion."

### **DISCUSSION AND FINDINGS**

The OCE coordinated with the Market Managers, the NJCEP Program Coordinator and other stakeholders to develop proposed modifications to the 2011 NJCEP budgets. On August 11, 2011 and August 18, 2011 the OCE circulated changes to the budgets proposed by Honeywell and TRC to the public for comment. Written comments were due by August 25, 2011 and the proposed changes to the programs and budgets were discussed at the August 9, 2011 meeting of the EE Committee. The changes proposed by the Utilities were circulated for comment on August 30, 2011 and comments were due by September 8, 2011. Accordingly, the Board **FINDS** that the process utilized in developing the revised 2011 budget was appropriate and provided stakeholders and interested members of the public the opportunity to comment.

The Board has reviewed the changes to the budgets as well as the comments received regarding the proposed changes. The Board supports the concept of reallocating funds from programs that are under budget to programs that are experiencing budget pressure due to higher than anticipated participation levels. The Board believes that the proposed changes to the budgets are reasonable and will support the State's goal of promoting the installation of cost-effective energy efficiency and renewable energy measures.

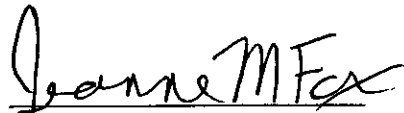
Based on the above, the Board **HEREBY FINDS** that the revised budgets set out above are reasonable. Therefore, the Board **HEREBY APPROVES** the revised 2011 budgets filed by TRC dated September 8, 2011, the revised budgets submitted by Honeywell dated September 7, 2011 and the revised budgets submitted by the Utilities dated August 30, 2011.

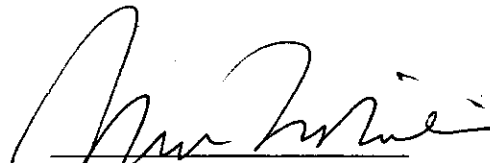
Honeywell's proposal to extend the Home Performance with Energy Star program promotional program dated September 8, 2011 is intended to stimulate additional participation in the program. The Board **FINDS** that this will help the State achieve its energy efficiency goals and benefit customers that participate in the program. Therefore, the Board **HEREBY APPROVES** Staff's proposal to extend the Home Performance with Energy Star program under the title "Fall Promotion" through December 31, 2011.

DATED: 9/22/11

BOARD OF PUBLIC UTILITIES  
BY:

  
LEE A. SOLOMON  
PRESIDENT

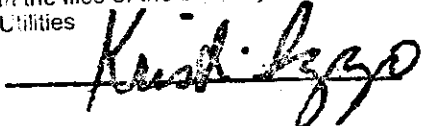
  
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ATTEST:   
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



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