



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

STATE OF NEW JERSEY
Board of Public Utilities
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Post Office Box 350
Trenton, NJ 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE STATE ENERGY PROGRAM-)
FOR PROGRAM YEAR 08/03/11-06/30/12)
)
) DOCKET No. EO11080468V

Parties of Record:

Dave Wolk, Honeywell Utility Solutions
Roger Kliemisch, TRC Energy Solutions

BY THE BOARD:

By this Order, the Board of Public Utilities ("Board") considers the 2011-2012 State Energy Program plan prepared by the Office of Clean Energy ("Staff") and submitted to the United States Department of Energy ("USDOE") on August 3, 2011. Staff has submitted the SEP plan to the USDOE at a budget level of \$2,915,744. This budget is comprised of \$1,108,000 in new federal SEP funds; \$221,600 in state matching funds; and an estimated \$1,416,087 in Federal carryover funds¹ from the 2009-2010 and the 2010-2011 SEP plan.² The SEP plan also includes \$170,057 of state match from 2010-2011 plan which is rolled-over into the state match dollars totaling \$391,657. Staff now seeks approval of the 2011-2012 SEP plan, as within time, from the Board.

In 1996, the SEP was established by consolidating two existing programs: the State Energy Conservation Program ("SECP") and the Institutional Conservation Program ("ICP"). 61 Fed. Reg. 35,890 (July 8, 1996). Both the SECP and ICP came about during the energy crisis of the early 1970s. Events during that time period increased the nation's awareness of its dependence on foreign oil. Congress responded with legislation that established a broad range of conservation programs, provided support for the development of new and more efficient sources of energy, and required the USDOE to lead and administer the effort. The SECP was established under the Energy Policy and Conservation Act of 1975, Pub. L. No. 94-163, 89 Stat. 901, to address energy conservation in the states. The SECP provided funding to the states for a variety of energy efficiency and renewable energy activities. 61 Fed. Reg. 35,890 (July 8,

¹ The estimated \$1,416,087 in carryover funds is comprised of Federal Funds from the SEP plans 2009-2010 and 2010-2011. The SEP carryover funds are based on completed projects that did not expend all funding and delayed invoicing. The state match carryover is staff salaries and clean energy administrative expenses that will be incurred between July 1, 2011 and September 30, 2011.

² Funding is subject to State appropriations law.

1996). The ICP provided schools and hospitals with a technical analysis of their buildings and identified the potential savings from proposed energy conservation measures. Ibid. In creating the SEP, the USDOE combined SECP and ICP in order to make it easier for states to apply for grants and more efficient for both the USDOE and the states to manage the grants. Id. at 35,891. Thus, the USDOE currently provides federal financial assistance and technical support to the states for energy programs by means of the SEP. 10 C.F.R. § 420 et seq.

The SEP is a joint state-federal initiative whose purpose is to promote the conservation of energy, reduce the rate of growth of energy demand, and reduce dependence on imported oil. These goals are sought to be attained through the development and implementation of comprehensive state programs that are financially supported by the USDOE. Federal laws and regulations establish set criteria for participation and define, in general terms, how funds may and may not be used. 42 U.S.C. § 6321 et seq.; 10 C.F.R. § 420 et seq. States must comply with the USDOE rules governing these financial awards.

SEP funding from the USDOE requires the annual submission of an application executed by the Governor, or his designee, and other necessary documents, such as an amended State Plan. 10 C.F.R. § 420.13(a). The USDOE reviews state applications and amended State Plans in accord with 10 C.F.R. § 420.14. The USDOE will then approve or disapprove funding through the SEP within 60 days from the date of a timely filed application packet. Staff submitted the application packet to the USDOE on August 3, 2011.

The State of New Jersey has been allocated federal monies each year in support of its USDOE-approved State Plans. The USDOE allocates funds to New Jersey each year in accordance with its own formula. New Jersey's 2011-2012 SEP allocation is \$1,108,000.

Pursuant to USDOE regulations, New Jersey is required to match this amount either in cash, in-kind contributions, or both, in an amount totaling not less than 20 percent of the federal allocation. 10 C.F.R. § 420.12. Each state can propose how it intends to use its allocated share of funds to address both national criteria and the specific environmental conditions within that state. Staff proposes that the State of New Jersey's 20 percent match for these federal funds come from New Jersey Clean Energy Program ("NJCEP") administrative costs.

Staff now seeks Board approval of the 2011-2012 SEP plan and authorization to submit the Plan to USDOE, as within time. The proposed 2011-2012 SEP plan includes a budget level of \$2, 915,744. This budget amount would be comprised of \$1,108,000 in new federal SEP funds allocated by USDOE, \$221,600 worth of state matching funds, and approximately \$1,416,087 in federal carryover funds from the 2009-2010 and 2010-2011 New Jersey SEP plan. The previous years state match funds in the amount of \$170,057 dollars is also being carried over.

The 2011-2012 SEP plan will further State and federal energy conservation and efficiency goals. The State Energy Program ("SEP") Plan contains a single Market Title - Energy Efficiency Programs for Non- Investor Owned Utility ("IOU") Customers. This Market Title expands the eligibility of the New Jersey Clean Energy Program. The Home Performance with Energy Star Program, the HVAC Program, the Direct Install Program, the Pay for Performance Program and the Local Government Energy Audit Program are designed to further State and Federal energy conservation and efficiency goals. The expansion of the eligibility for the aforementioned programs includes both residential and commercial/industrial customers who do not contribute to the Societal Benefits Charge and are therefore not eligible to participate in the Clean Energy Programs. In particular, the SEP plan, as proposed, will supplement or expand these programs to allow non-IOU electric customers, oil customers and propane customers to participate by using the SEP funding mechanism. These programs will be administered by the CEP Market Managers and processed through IMS.

Previous SEP plans utilized SEP funds primarily to focus on alternative and renewable fuel projects. The 2010-2011 SEP plan included the Alternative Fuel/Hybrid Electric Vehicle Rebate Program ("AFV Program"); the Biodiesel Fuel Rebate Program; the NJ Hydrogen Learning Center; and the Alternative Fuel Infrastructure Program, solely in order to complete the payment process for outstanding invoices. Also included in the 2010-2011 plan was the Home Performance with Energy Star ("HPwES") Program. By including it in last year's plan, Staff was to use that allocated funding to supplement/expand the Clean Energy's Home Performance with Energy Star Program. By Order Dated June 20, 2011, the Board approved changes to the 2010-2011 SEP Plan, which would use the funding for the HPwES funding for the Summer Promotion. USDOE approved the 2010-2011 plan on June 30, 2011. Staff further recommended that, in the event any funds proposed for the Alternative Fuel Vehicle/Hybrid Electric Vehicle Rebate Program, the Biodiesel Fuel Rebate Program, and the NJ Hydrogen Learning Center were not spent for the payment of invoices, the Board approved the use of those unspent funds in the Home Performance with Energy Star Program.

In light of the foregoing, Staff seeks Board approval of the proposed 2011-2012 SEP plan composed of the Market Title – Energy Efficiency Programs for Non Investor Owned Utility Customers identified below. Proposed program amounts include federal funds, state matching funds, and funds carried over from 2009-2010 and 2010-2011. If the carry over amount included in this plan is reduced by the expenditure and drawdown by September 30, 2011, consistent with the previously Board and USDOE approved Plan, Staff will propose a revised budget to account for the expenditures.

As described below, the 2011-2012 SEP plan proposes programs that will focus on the specific customers who do not contribute to the Societal Benefits Charge, such as those that receive their electricity from a Municipal Electric Utility, or use oil and propane users. The incentives provided for these customers will be similar to those provided by the Clean Energy Program.

HPwES: This funding will be used to rebate customers who do not contribute into the Societal Benefit Charge and are not eligible to participate in the Clean Energy Program's existing HPwES. The program recruits and trains contractors that install energy efficiency measures in existing homes. The program includes incentives to customers for the installation of such measures and provides incentives for qualified customers with incomes 225% above federal poverty levels.

HVAC: This funding will be used to rebate customers who do not contribute into the Societal Benefit Charge and are not eligible to participate in the Clean Energy Program's existing HVAC Program. The program promotes the purchase of efficient home heating, cooling and water heating equipment, and the quality installation of such equipment. Its long-term goal is to make the high quality installation of high efficiency residential HVAC equipment the norm in the NJ market. COOLAdvantage promotes the installation of new, energy efficient, residential central electric air conditioners and heat pumps. WARMAdvantage promotes energy efficient furnaces, boilers and water heaters for use in residential buildings.

The Pay for Performance Program ("P4P"): This funding will be used to rebate customers who do not contribute into the Societal Benefit Charge and are not eligible to participate in the Clean Energy Program's existing P4P Program. This program is a whole building approach to large commercial and industrial facilities that provides incentives for an Energy Reduction Plan and comprehensive energy efficiency measures. Examples of eligible measures are: efficient lighting, HVAC, envelope measures and combined heat & power.

The Local Government Energy Audit ("LGEA") Program: This funding will be used to rebate customers who do not contribute into the Societal Benefit Charge and are not eligible to participate in the Clean Energy Program's existing LGEA Program is an incentive program which subsidizes the cost for completing an energy audit of eligible facilities.

The Direct Install ("DI") Program: This funding will be used to rebate customers who do not contribute into the Societal Benefit Charge and are not eligible to participate in the Clean Energy Program's existing DI Program. The program identifies cost-effective energy efficiency opportunities, provides incentives and direct installation of efficiency measures, such as lighting, controls, refrigeration, HVAC, and motors.

Staff recommends that the Board approve the 2011-2012 SEP Plan. In Staff's view, the proposed initiative for the 2011-2012 program year furthers the SEP goals of energy efficiency and conservation, and is reasonably budgeted at a level designed to achieve these goals. Specifically, the program reduces energy costs and carbon footprint which is fully consistent with the federal and State policies underlying the SEP.

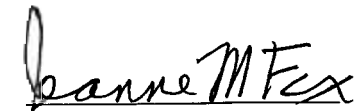
As stated above, Staff executed and submitted the SEP application packet to the USDOE on August 3, 2011. Staff now seeks Board approval as within time.

After review of the proposed 2011-2012 SEP plan and Staff's recommendations, the Board **HEREBY FINDS** that the program detailed above will contribute to the conservation of energy, reduction of the rate of growth of energy demand, and reduction of dependence on imported oil. The Board **FURTHER FINDS** that the program is designed to advance State and Federal energy conservation and efficiency goals. The Board **HEREBY FINDS** that the SEP application package was submitted to the USDOE on August 3, 2011 **AND ALSO APPROVES** the 2011-2012 SEP Plan, as within time. The Board **HEREBY APPROVES** the SEP program budget of \$2,915,744 and **DIRECTS** Staff to take appropriate measures to implement such programs subject to and consistent with USDOE approval of the plan.

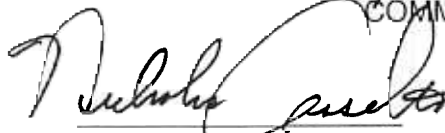
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BOARD OF PUBLIC UTILITIES
BY:

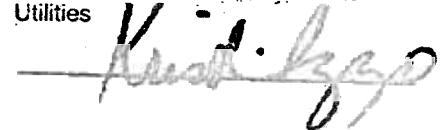

LEE A SOLOMON
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I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



ATTEST: 
KRISTI IZZO
SECRETARY

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