Agenda Date: 6/21/13
Agenda Item: 8B

STATE OF NEW JERSEY
Board of Public Utilities
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CLEAN ENERGY

IN THE MATTER OF THE CLEAN ENERGY PROGRAMS AND BUDGETS FOR THE FISCAL YEAR 2014	)))	ORDER DOCKET NO. EO13050376V

Parties of Record:

Joe Gennello, Honeywell Utility Solutions
Diane Zukas, TRC Energy Services
Michael Ambrosio, Applied Energy Group
Mark Mader, Jersey Central Power & Light
Timothy White, Atlantic City Electric
Scott Markwood, Orange & Rockland Utilities
Bruce Grossman, South Jersey Gas Company
Susan Ringhof, Public Service Electric & Gas Company
Tracey Thayer, New Jersey Natural Gas
Mary Patricia Keefe, Elizabethtown Gas Company
Stefanie A. Brand, Esq., Director, Rate Counsel

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities ("Board") at its June 21, 2013 public meeting, where the Board considered the proposed fiscal year 2014 ("FY14") programs and budgets for New Jersey's Clean Energy Program ("NJCEP").[1]

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 ("SBC"). 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

[1] The budgets approved in this Order are subject to State appropriations law.

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").

As required by EDECA, in 1999, the Board initiated its first comprehensive EE and RE resource analysis proceeding. At the conclusion of this proceeding, the Board issued its initial order, dated March 9, 2001, Docket Nos. EX99050347 et seq. ("CRA I Order"). The CRA I Order set funding levels for the years 2001 through 2003, established the programs to be funded, and approved budgets for those programs.

Through a series of Orders issued since 2001 the Board initiated and concluded a second and third CRA proceeding that set funding levels through 2012. The Board also considered and approved, on an annual basis, NJCEP programs and budgets. By Order dated November 20, 2012, Docket Nos. EO07030203 and EO11100631V, ("the November 20th Order") the Board approved a six month funding level of $194,804,019 for the period from January 1, 2013 through June 30, 2013. This Order had the effect of shifting the NJCEP budget to a fiscal year cycle, as opposed to a calendar year cycle, to align with the State budget cycle.

In the November 20th Order the Board also approved eighteen month NJCEP programs and budgets for the period from January 1, 2012 through June 30, 2013. The November 20th Order approved the compliance filings that included program descriptions and detailed budgets, which break down the larger budgets of the EE and RE programs. As it had done in prior years, the Board took action throughout the year to update and otherwise modify the programs and budgets described in the November 20th Order. These revisions to November 20th Order were memorialized in Orders dated January 7, 2013, January 23, 2013, March 5, 2013, March 20, 2013 and May 3, 2013, in the above-captioned docket.

By Order dated October 7, 2011, Docket No. EO11050324V, (the October 11th Order), the Board directed the OCE to initiate a fourth CRA proceeding and to schedule public hearings on funding levels for the energy efficiency and renewable energy programs for calendar years 2013-2016. Consistent with the November 20, 2012 Order, this proceeding was modified to develop funding levels for FY14-FY17 as opposed to calendar years 2013-2016. At its June 21, 2013 agenda meeting the Board approved a funding level of $344,665,000 for FY14and deferred making a decision regarding FY15-FY17 funding levels until a later date.

The Order memorializing the Board's action at the June 21, 2013 agenda meeting regarding the FY14 funding level will be referred to as the "CRA IV Order." The new funding levels approved by the Board for FY14 will be utilized below in setting the FY14 budgets.

Development of the FY14 Programs and Budget Filings

In conjunction with the Department of Treasury, Division of Purchase and Property ("Treasury"), Staff prepared requests for proposals for Market Manager and Program Coordinator services. On August 19, 2005, Treasury issued, on behalf of the Board, Request for Proposal 06-X-38052 for NJCEP Management Services. Section 3.0.4 of the Market Manager RFP describes the Market Manager function as follows:

The Market Manager(s), in conjunction with the Program Coordinator, shall lead and facilitate the development and revision of programs and program budgets in a coordinated process with the OCE, CEEEP[2] and CEC[3]. These changes may be in reaction to program adjustments proposed by CEEEP. The Market Manager(s) shall review the programs and their effectiveness for the purpose of improving and modifying program designs on a periodic basis . . . .

In addition, on March 20, 2007 Treasury issued, on behalf of the Board, Request for Proposal 07-X-38468 for NJCEP Program Coordinator Services. Section 3.0 of the RFP for Program Coordinator services states: "[t]he Program Coordinator shall manage, monitor and ensure the performance of the Market Managers and other entities that receive funds through the New Jersey Clean Energy Programs[.]"

On October 19, 2006, Honeywell International, Inc. ("Honeywell") was awarded Contract No. 67052 to manage the residential energy efficiency programs and renewable energy programs and TRC Energy Services ("TRC") was awarded Contract No. 67053 to manage the commercial and industrial ("C&I") energy efficiency programs.[4] On July 11, 2007, Applied Energy Group ("AEG") was awarded Contract No. 68922 to provide Program Coordinator services.[5] Over the course of 2007, the Board completed the transition of the management of many of the EE and RE programs from the utilities and Staff to Honeywell and TRC. On October 15, 2007, AEG, the Program Coordinator, completed its transition and commenced operation.

In 2007, the process for developing proposed programs and budgets was revised to take into account the fact that the majority of the programs are now managed by the Market Managers. Specifically, the Market Managers and the Program Coordinator, consistent with their contracts, were tasked with the role of presenting proposed changes to the programs and budgets to the EE and RE committees and for incorporating the changes recommended by public stakeholders into the programs presented to the Board.

CEEEP was engaged by the Board to manage the evaluation of the NJCEP. CEEEP evaluation activities included preparation of a program cost benefit analysis, preparation of a multi-year evaluation plan, and management of other evaluation activities performed by third party contractors including: an EE Market Assessment performed by Summit Blue Consulting ("Summit Blue"), an RE Market Assessment performed by Summit Blue, and an Impact Evaluation performed by KEMA, Inc. ("KEMA"). All of the evaluation reports are posted on the NJCEP web site and are available to public stakeholders.

The FY14 budget process commenced with the preparation of a 15 & 3 Report (15 months of actual expenses and 3 months of estimated expenses) by the Program Coordinator. The Program Coordinator utilized actual program expenses through March 2013, as reported

[2] CEEEP refers to the Center for Energy, Economic and Environmental Policy at Rutgers University.
[3] CEC refers to the Clean Energy Council which is no longer operational. However, the EE and RE Committees of the former CEC continue to meet regularly and are open to any member of the public and function as public stakeholder groups.
[4] Treasury issued revised contracts dated January 16 and January 18, 2013, respectively, that extended the Honeywell and TRC contracts through June 30, 2013. The OCE submitted six-month contract extensions to Treasury, which are currently pending approval.
[5] Treasury issued a revised contract dated January 15, 2013 that extended the AEG contract to June 30, 2013. The OCE has submitted a proposed six-month contract extension to Treasury which is pending.

through its Information Management System ("IMS") and requested that all program managers provide estimated expenses for the remainder of the fiscal year and estimate commitments that would exist as of June 30, 2013. This 15 & 3 Report informed the OCE's proposed budgets discussed below.

The OCE used the following process in developing the FY14 NJCEP programs and budgets: Starting in March 2013, monthly public stakeholder meetings of the EE and RE committees, chaired by the OCE, began to include discussion of the FY14 program plans and budgets. Discussions ensued at the meetings held in April, May and June of 2013. Meeting notices, including dates, times, and locations, were posted on the NJCEP website and sent to the committee listservs. All agenda and discussion materials were distributed to the committee listservs and meeting notes were posted on the website at:

http://www.njcleanenergy.com/main/clean-energy-council-committees/clean-energy-committee-meetings-notes

At these meetings, representatives of the OCE, Honeywell, TRC, the Utilities, the Program Coordinator, Rate Counsel, DEP, the Economic Development Authority ("EDA"), EE/RE installers, EE/RE technology companies, and other interested parties discussed proposed changes to the programs and budgets. The OCE also solicited comments from meeting participants regarding other suggested changes to the programs.

Subsequent to the April meetings of the EE and RE committees, each program manager was directed by the OCE to submit draft proposed FY14 programs and budgets for consideration by the Board. The program managers submitted draft FY14 programs and budgets on May 7, 2013. Pursuant to the Board's CRA III Order, pg 58, at a minimum, each program filing included:

1. A description of the program
2. Identification of the target market and of customer eligibility
3. A description of the program offerings and customer incentives
4. A description of program delivery methods
5. A description of quality control provisions
6. Program goals including specific energy savings or renewable generation targets
7. Minimum requirements for program administration
8. Marketing plans
9. Detailed budgets that include, at a minimum, a breakdown of costs by the following budget categories:

    a. Administration and program development
    b. Sales, marketing, call centers and website support
    c. Training
    d. Rebates and other direct incentives
    e. Rebate processing, inspections and other quality control
    f. Performance incentives, and
    g. Evaluation and Related Research

Proposed FY14 programs and budgets were submitted by:

1. Honeywell
2. TRC
3. The Utilities, and
4. The OCE including programs jointly managed with the EDA and Sustainable Jersey

In the CRA III Order, the Board directed that stakeholders and interested members of the public shall have an opportunity to comment on the detailed program plans and budgets prior to the Board's review. Id. pg 59. The proposed programs and budgets were posted on the NJCEP web site and circulated to the EE and RE Committee listservs on or about May 7, 2013.[6]

Pursuant to the Open Public Meetings Act, N.J.S.A. 10:4-6 et seq., on June 6, 2013, the Board gave notice that a public hearing had been scheduled for June 12, 2013, to receive comments on the FY14 proposed budgets. On June 6, 2013 staff also circulated and posted proposed revisions to the draft FY14 budgets and a supplement to TRC's draft compliance filing that included a detailed description of the proposed Combined Heat and Power ("CHP")/Fuel cell program.

During the public hearing, members of the public discussed the proposed programs and budgets. The revised hearing notice requested written comments on the proposed programs and budgets by June 14, 2013. Both the numerous written comments received and the testimony taken at the public hearing are considered below.

This Order will discuss the OCE's recommendations and issues related to the Board's review of each of the filings that were submitted.

The FY14 Program and Budget Filings

The following discusses each of the FY14 compliance filings submitted to the Board for consideration and approval.

The Utilities' Filing

By email dated May 7, 2013, South Jersey Gas Company, on behalf of seven natural gas and electric utilities (collectively the "Utilities"), submitted a draft compliance filing for the Residential Low-income Program ("Comfort Partners") and utility support for the CleanPower Choice Program. Rockland Electric Company ("RECO") has not joined the other electric and gas utilities in delivering the Comfort Partners Program, but is proposing to continue support for the CleanPower Choice Program.

The Comfort Partners Program did not transition to the Market Managers and will continue to be managed by the six Utilities. This program is implemented through third-party contracts and is overseen collectively by the six Utilities. The Utilities have not proposed any significant new changes to the program for FY14. The program is designed to improve energy affordability for low-income households through energy conservation. A more detailed description of the program is included in the compliance filing.

[6] A public hearing was scheduled for May 23, 2013, but was subsequently canceled.

The four investor-owned electric utilities proposed to continue to support the CleanPower Choice Program, which will offer retail electric customers the option of selecting an energy product with higher levels of RE than is required by the Renewable Portfolio Standard. This program will be delivered through a collaborative utility and clean power marketer program hosted by the four investor owned electric utilities.

The Honeywell Filing

After public input on draft programs initiated in March, Honeywell submitted proposed FY14 programs and budgets dated May 7, 2013 for the programs it manages. Honeywell proposes to continue delivering the following existing programs:

- Residential New Construction
- Residential HVAC
- Energy Efficient Products
- Home Performance with ENERGY STAR
- Renewable Energy Incentive Program ("REIP")

Honeywell's FY14 compliance filing provides the required details regarding the programs. The filing also includes a marketing plan and budget. The following is a summary of the program changes proposed by Honeywell.

Sandy Storm Response

- In January 2013, the Board approved a number of changes to the programs and incentives aimed at assisting customers impacted by Superstorm Sandy in rebuilding their homes and businesses. The enhanced incentives were approved through June 30, 2013. Honeywell proposes to continue all of the modifications aimed at assisting customers impacted by Sandy in FY14.

Residential Gas & Electric HVAC Program

- Evaluate, define and submit for BPU consideration an upstream and/or midstream HVAC Equipment Loan Pilot Program designed to transition consumers away from incentives and to remove barriers to HVAC equipment purchases through a combination loan and/or interest buy-down option.
- Offer incentives statewide for super-efficient central air conditioners at a 17 SEER level with a $500 incentive.
- Offer incentives for ENERGY STAR qualified heat pump water heaters at $500.
- Furnaces purchased on or after July 15, 2012 that meet 92% AFUE criteria will qualify for incentives statewide. Previously, 92% AFUE units purchased after October 29, 2012 could qualify. Incentives amounts will be determined by the amounts in effect at the time of purchase.
- Maintain incentives for the Boiler Reset Retrofit Control Pilot while continuing to evaluate drain water heat recovery.
- Offer an incentive for qualifying water heaters installed in combination with a qualified boiler. The incentive would be $900 for the combination which is the same for a water heater/furnace combination currently offered.

Energy Efficient Products Program

- Identify opportunities to develop new potential distribution channels for lighting in order to accelerate the market adoption of compact fluorescents, solid state lighting ("LEDs") and other high efficiency lighting products
- Continue to offer midstream consumer incentives for ENERGY STAR qualified clothes washers at 2.2 modified energy factor ("MEF") or higher and ENERGY STAR qualified refrigerators that are 25% better than the federal minimum standard. Continue to offer mail-in, direct-to-consumer incentives for clothes washers and refrigerators, to support customers of retailers unable to participate through the midstream process.
- Continue to explore opportunities to support high efficiency clothes dryers, under the banner of the Super-Efficient Dryer Initiative ("SEDI"), in New Jersey.

Existing Homes Program (Home Performance with Energy Star or "HPwES")

- Continue to offer 0% loans for HPwES work for any participants where a utility loan program or On Bill Repayment Plan is not in place.
- Continue to provide incentives for any project where a utility incentive program is not in place or does not cover the full incentive amount due.
- Maintain the co-op marketing percentage at 50% of qualifying advertising while increasing the cap to $75,000 per contractor to accelerate consumer awareness while leveraging private investment through program marketing.
- The NJCEP is in discussions with the New Jersey Credit Union League ("NJCUL") to offer a 0% loan option to participating HPwES customers. Upon reaching an agreement with the NJCUL, this option will be made available to customers. The NJCUL will offer nominal incentives to customers that utilize its loan product.

Renewable Energy Incentive Program

- The NJCEP is developing a new incentive program for energy storage technology. During the 3rd quarter of 2013, Board Staff and the Market Manager will hold discussions with interested stakeholders to develop program guidelines, incentive structure and target market. The findings of these stakeholder meetings will provide valuable input which will be utilized to develop a competitive solicitation process. The intent is to develop a solicitation schedule with the first round of solicitations targeted for the first quarter of 2014 and the award of incentives inmid- 2014. Staff will submit the proposed solicitation to the Board for review and approval prior to its release.
- For FY14, the biopower incentive structure will change from a fixed incentive schedule to a competitive solicitation which will be administered by the Market Manager. During the 3rd quarter of 2013, Board Staff and the Market Manager will hold discussions with interested stakeholders to develop the solicitation process. The intent is to develop a solicitation schedule with one solicitation during each quarter from the fourth quarter of 2013 through the second quarter of 2014. As determined with input through the stakeholder process, the solicitation will rely upon past project eligibility requirements and program application forms but will include a dollar per watt cap and a total project payment cap. Staff will submit the proposed solicitation to the Board for review and approval prior to its release.
- The REIP financial incentive for sustainable biopower feasibility studies and wind feasibility studies will be eliminated for FY14.

- To remain consistent with the recent amendments to the Renewable Portfolio Standard at N.J.A.C. 14:8-2.4, the extension policy for SRP projects is refined to require only the documentation that supports the likely completion of the project.
- The Market Manager will update program procedures and requirements as necessary to ensure that the SRP registration process complies with the Solar Act.

The TRC Filing

After public input on draft programs initiated in March 2013, TRC submitted proposed FY14 programs and budgets dated May 7, 2013 for the programs it manages. TRC proposes to continue delivering the following existing programs.

- C&I New Construction
- C&I Retrofit
- Pay-for-Performance New Construction
- Pay-for-Performance
- Local Government Energy Audit ("LGEA")
- Direct Install
- Sector Specific Program Enhancement Initiative
- Large Energy Users Program

In 2012-2013 TRC managed the small CHP/fuel cell program for projects under 1 MW and EDA managed the large CHP/fuel cell program for projects 1 MW or greater. In FY14, TRC proposes to manage a new program that combines the key elements of the large and small CHP/fuel cell programs. In addition, TRC proposes to manage a new SBC Credit program.

TRC's filing provides all of the required details regarding the above programs. The filing also includes a marketing plan and budget. The following provides a summary of the program changes proposed by TRC.

Miscellaneous

- References to EDA's Revolving Loan Fund have been eliminated.
- Sandy Relief program enhancements will be extended from June 30, 2013 to June 30, 2014.

C&I Retrofit and New Construction Equipment Incentives

- Lighting:
  - LED Prescriptive Lighting – For LED Lamp (Integral/Screw In), the current incentive is $20/lamp. The proposed new incentive is $10/lamp for certain types of bulbs/fixtures and $20/lamp for others.
  - For LED Stairwell and Passageway Luminaires, current incentive is available under the custom path, the proposed new prescriptive incentive is up to $40 per fixture.
- Lighting Controls:
  - The current incentive is from $25 to $75 per fixture controlled, for day lighting dimmers. The proposed incentive is $45 per fixture controlled.
  - The current incentive is from $25 to $75 per fixture controlled, for Hi-Low controls. The proposed incentive is $35 per fixture controlled.

Combined Heat & Power and Fuel Cell Program

- Combine the key elements of the existing small scale CHP/fuel cell program with the large scale CHP/fuel cell program into a single program with a single budget.
- References to CHP powered by Class 1 Renewable Fuel Source have been removed. Entities are instructed to refer to the FY14 OCE Compliance Filing for requirements and funding details for CHP/fuel cell systems that use a renewable source of fuel.

Pay for Performance New Construction

- Clarifying language was added so that entities that need to start construction prior to approval of the Energy Reduction Plan may do so. TRC will conduct a pre-inspection of the site. Measures installed prior to pre-inspection will not qualify. Entities proceed at their own risk pending approval of the ERP.

Large Energy Users Program

- The incentive cap is increased from $1 million to $4 million per eligible entity, per program year.
- Draft Energy Efficiency Plans are no longer a part of the program
- The program will have an open enrollment process and will be available on a first-come, first-served basis, pending funding availability.

The Office of Clean Energy ("OCE") Filing

The OCE's proposed FY14 program and budget filing, dated May 7, 2013, includes program descriptions and budgets for the NJCEP Administration budget as well as details for the RE programs managed or co-managed by the OCE, EDA, and Sustainable Jersey. The major initiatives included in the OCE's FY14 compliance filing are summarized below.

Offshore Wind

The Offshore Wind Program provides rebates to entities that install offshore meteorological wind towers. The FY14 budget includes the remaining balances from $6 million in rebate commitments made in 2009, as modified by the Board in 2010 and 2011, which will be paid upon completion of the installation of the meteorological wind towers or buoys.

The FY14 Offshore Wind program budget includes funding to pay the remaining costs related to an offshore wind study performed by the Rutgers Institute of Marine and Coastal Sciences. This study was previously approved by the Board. In addition, the FY14 Offshore Wind budget includes funding to pay costs related to a contractor engaged by the Board to review Offshore Wind incentive applications.

The Edison Innovation Clean Energy Fund

The Board entered into a Memorandum of Understanding ("MOU") with the Commission on Science and Technology ("CST") dated September 17, 2008 to manage the Edison Innovation Clean Energy Fund. The Board has awarded a number of grants under this program. The Board terminated the MOU with CST in 2010 and the remaining budget is to pay any outstanding balances on grants awarded prior to termination of the MOU.

RE Grid Connected

In 2009, the Board released a solicitation to provide incentives to large grid connected renewable energy systems. In 2010, the Board awarded a number of grants to projects that responded to the solicitation. The proposed FY14 budget includes sufficient funds to pay all outstanding commitments related to the grants previously approved by the Board.

- ***Programs Managed by the EDA***

Clean Energy Manufacturing Fund

The Board has entered into an MOU with EDA to implement the Clean Energy Manufacturing Fund ("CEMF"). The CEMF will provide low-interest loans and non-recoverable grants to innovative clean energy businesses, for both energy efficiency and renewable energy manufacturing, intended to stimulate the clean energy industry in New Jersey.

Edison Innovation Green Growth Fund

The Edison Innovation Green Growth Fund program offers assistance in the form of loans to clean technology companies that have achieved 'proof of concept' and have achieved successful, independent beta results and are seeking funding to grow and support their technology business. The program will be administered by the EDA pursuant to an MOU between the EDA and the Board.

CHP/Fuel Cell Program

EDA managed the large scale CHP/Fuel Cell program in 2012-2013. As noted above, in FY14, staff has proposed thatTRC manage a single, combined CHP/Fuel Cell program. EDA will continue to administer those commitments made prior to the transfer of the program to TRC. Its CHP budget is set to pay these commitments plus administrative fees.

- ***NJCEP Administration***

The OCE will manage all of the items included in the NJCEP Administration budget including:

1. Administration and Overhead;
2. Memberships and Dues
3. Evaluation and Related Research; and,
4. Miscellaneous

The OCE's filing includes details regarding each of these efforts.

The Administration and Overhead component of the OCE Oversight budget includes two sub-components:

1. OCE Staff and Overhead
2. Program Coordinator Services

The FY14 budget for sponsorships/memberships is for outstanding balances on previous commitments made by the Board and includes funding for sponsorship of the National

Association of State Energy Offices ("NASEO") and other potential sponsorships including the Consortium for Energy Efficiency ("CEE").

The Evaluation and Related Research component of the OCE budget includes funding for a number of evaluation related activities planned for FY14. These activities include the following:

- Rutgers CEEEP: evaluation support, including leading the working group which will update the 2010 NJCEP Evaluation Plan. This is a continuation of an existing contract to provide overall program evaluation management services and cost benefit analyses.
- Program Evaluation: The budget includes funding for FY14 evaluation activities. Based on the recommendations of the Evaluation Plan Working Group, in early 2014, Staff will develop proposals for the specific uses of these funds, and seek Board approval.
- Financial Audits: The budget includes funding for a proposed audit of the utilities that manage or managed NJCEP programs and for an audit of IMS.

The Miscellaneous component of the OCE Oversight budget includes funding for Sustainable Jersey which is being transferred from the EE component of the budget to the NJCEP Administration component of the budget. This component of the budget also includes $60,000 for the Clean Energy Business web site that is designed to assist EE and RE companies to grow and prosper in New Jersey and funds to pay expenses related to the transition of the programs to a new Program Administrator.

Summary of Comments from Public Stakeholders

The Board held a public hearing on the proposed FY14 budget and compliance filings on June 12, 2013 and accepted written comments through June 14, 2013. The following summarizes the comments received:

Written comments were submitted by the Air Conditioning Contractors of America, New Jersey Chapter ("ACCANJ"); Goodman Global, Inc. ("Goodman"); Re Vireo; Mr. Patrick Murray; New Jersey Natural Gas; Rate Counsel; South Jersey Gas, Renu Energy, EAM Associates, DCO Energenics, ClearEdge Power; Strategic Energy Management, NAIOP, and the Paulsboro Refining Company.

In addition, the following persons testified at the June 12, 2013 public hearing[7]: Felicia Thomas-Friel, on behalf of Rate Counsel; Anne-Marie Peracchio, on behalf of New Jersey Natural Gas; Jeff Tittel, on behalf of the Sierra Club; Gearoid Foley, on behalf of the USDOE Mid-Atlantic Clean Energy Application Center; Steve Goldenberg, Esq., on behalf of the New Jersey Large Energy Users Coalition; Tom Dubos, on behalf of Strategic Energy Group; Charles Fox, on behalf of Bloom Energy; Fred Desanti, on behalf of DCO Energenics; Bruce Grossman, on behalf of South Jersey Gas Company; and Danielle Heise, on behalf of TechniArt.

The following summarizes the written comments received as well as the testimony presented at the public hearing:

Comment: ACCANJ's comments focused on the relationship between the Residential HVAC and Home Performance with Energy Star ("HPwES") program incentives. Specifically, ACCA NJ

[7] At the June 12, 2013 public hearing the Board heard comments on both the 2nd Revised CRA Straw Proposal and on proposed FY14 programs and budgets. Comments regarding the 2nd Revised CRA Straw Proposal will be addressed in the Board's CRA IV Order.

argued that if the "spread" between HVAC program and HPwES program incentives is not sufficiently large, customers will not participate in the HPwES program and the State will lose the benefits of more comprehensive energy savings. ACCANJ included an analysis of the incentives that took into consideration both NJCEP incentives and enhanced incentives offered by the utilities. ACCANJ proposed increasing the HPwES program incentives to increase the "spread" and create an incentive for customers to participate in the more comprehensive HPwES program.

ACCA NJ included a number of suggested program changes aimed at improving the program, including expediting payments to contractors, reviewing contractor qualifications, providing additional financing options, review eligibility requirements for co-op advertising and improving the application process.

Response: The OCE thanks ACCANJ for its ongoing efforts to work with Staff to continuously improve the programs. Staff's response to each of the key points raised by ACCANJ is as follows:

- Incentive Levels: ACCANJ's analysis assumed certain incentive levels for the enhanced utility programs. Staff notes that PSE&G, the State's largest utility that serves about half the State's residential customers, does not offer any enhanced rebates and therefore ACCANJ's comments are not applicable to half of the State. Further, because the Board has not yet approved any enhanced rebates for the other utilities, ACCANJ's comments are based on proposed, not approved, enhanced utility rebate levels. Staff is currently in settlement discussions with the utilities and will take ACCANJ's comments into consideration in those proceedings. Based on the above, Staff recommends that the HPwES incentive levels be approved as originally proposed, with no changes.
- Additional financing options: ACCANJ proposes that the NJCEP consider additional financing options for customers that are not eligible for utility finance programs. Staff has reviewed ACCANJ's proposal and recommends that, at least for the time being, the financing options remain as currently structured. The available financing options appear to be working well and the program is looking to add additional financing options through the NJ Credit Union League. Staff anticipates that the programs will transition to a new Program Administrator in the near future, and the new Program Administrator will assess options for additional finance options. Therefore, Staff recommends that the finance options remain as proposed.
- Co-op advertising: Staff agrees with many of ACCANJ's comments regarding co-op financing and the final compliance filings will be modified to address ACCANJ's comments.
- Minimum contractor qualifications, payment timelines and reduced barriers to HPwES participation: These issues are of a technical nature related to program applications, processes and guidelines and are not specifically addressed in the compliance filings. Staff has directed the Market Manager to meet with HPwES program contractors to discuss these issues and to propose specific recommendations to Staff for consideration.

Comment: Goodman comments included two key points: a minimum efficiency standard of 13 EER/16 SEER would be a more appropriate level for cooling efficiency requirements than the proposed level of 13 EER/17 SEER; and certification of product performance should not be restricted to a single entity and should be permitted to be verified by any nationally recognized program. Goodman argues that the EER/SEER level should be lowered since the more efficient units are more expensive to customers, and that only 4.5 % of the air conditioning systems and 2.8% of heat pump systems meet the proposed requirement. Lowering the minimum efficiency requirement would give homeowners three times the choice for air conditioners and twice as many heat pumps.

Response: The federal minimum efficiency standard for central air conditioning was recently raised to SEER 13. In response to this change, in 2012, given the new federal minimum efficiency standard, the incremental cost of the higher efficiency units, and the fact that as the SEER levels get higher, incremental savings are reduced, Staff proposed and the Board approved elimination of rebates for central air conditioners. Honeywell has proposed re-establishing rebates for central air conditioners but only for higher efficiency units. Based on past results, the Market Manager feels there is sufficient product and movement in the marketplace to drive participation and savings at the 17 SEER/13 EER level. Based on the above, Staff recommends that the minimum efficiency levels be approved as proposed.

During the course of the current contract extension, Staff has directed the Market Manager to review and evaluate the potential for certification of product performance through other nationally recognized certification or testing laboratory programs and to prepare recommendations for consideration by Staff prior to recommending any program changes to the Board.

Comment: ReVireo's comments focused on the Climate Choice Home ("CCH") component of the Residential New Construction ("RNC") program. The CCH component of the RNC is managed by Honeywell, the residential program Market Manager, with support from a subcontractor, MaGrann Associates. ReVireo is an open rater service provider which means it provides certification to home builders that a home meets Energy Star Home standards.

MaGrann is a competitor of ReVireo and other open rater companies. ReVireo argues that the current arrangement related to the services provided by MaGrann in support of the CCH component of the RNC program provides MaGrann with a competitive advantage to the detriment of ReVireo and other open rater companies. ReVireo states that open raters are reluctant to submit CCH project applications to Honeywell because they do not want to share business information or approaches with MaGrann. ReVireo believes that many open raters are capable of providing the services required to support the CCH component of the RNC program and that this component of the program should be open to open raters, instead of granting a monopoly for these services to MaGrann.

EAM Associates comments are also directed at the CCH component of the RNC program. The current proposal calls for the continuation of the CCH component of the program, and continuation of all Tier 3 services being provided by the Market Manager. EAM disagrees with both. CCH was a pilot program that has been abandoned by the Environmental Protection Agency. It has no name recognition with builders and homebuyers, and therefore offers little, if any, marketing value to a builder/developer. While it is promoted as the "next level" for cutting edge progressive builders, it has failed to gain any traction, with less than a dozen homes participating in the five years since the program was introduced, despite the very significant incentives that are offered.

EAM Associates agrees, however, that there is a need for a Residential New Construction program component that goes beyond Energy Star. The State of New Jersey, the building community, and the home buying public would be better served with a Tier 3 offering such as the LEED for Homes Program ("LEED"), or the National Green Building Standard ("NGBS").

These are both recognized, national programs that are administered through established organizations (U.S. Green Building Council, NAHB Research Center) and have an approved infrastructure of verifiers in place. In many cases, these are the same verifiers that are currently supporting the NJ Energy Star Homes Program. Both of these programs use HERS ratings (Tier 1) and Energy Star (Tier 2) as their energy efficiency platform, but also go beyond energy efficiency to include items such as water and resource efficiency, site planning, waste management and homeowner education. During the consensus process that led to the development of the New Jersey Green Building Manual, it was generally agreed, by a diverse group of stakeholders, that LEED and NGBS should be the benchmark to use when developing incentives for advanced green building in NJ. From a programmatic standpoint, the Market Manager would accept registrations no differently than it does for Tier 1 and 2 homes, providing quality assurance inspections and collecting documentation for rebate processing.

However, according to EAM Associates, having only the Market Manager provide Tier 3 services defeats the idea of expanding and growing the program. Under the current structure, the Market Manager is in direct competition with all of the approved Rating Companies that participate in the NJ Energy Star Homes Program. This means that no Rating Company with any business sense will refer their client to the Tier 3 program, knowing that the Market Manager can and will solicit their client for other services. On more than one occasion, CCH has steered its clients away from CCH for this reason. EAM, as well as several other rating companies, voiced this opinion regarding conflicts of interest in response to the FY 2012 proposed programs, however the structure remains unchanged, and the Climate Choice Homes program continues to stall, with one home being qualified in 2012.

Response: Staff notes that the CCH component of the RNC program was recently added to the program as a pilot. The Market Manager continues to develop the standards and requirements for program participants and rating processes while assessing the merits of the pilot program and potential improvements to the program. Due to the nature of a pilot program, very few CCH projects have applied to the program. Staff also believes that the economic downturn over the past 5 years has hit the home building industry particularly hard and can account for the limited participation.

Staff has discussed this matter with Honeywell and agrees that the CCH component of the RNC program should be opened to other open rater companies as soon as the benefits of the program have been established and reliable standards can be developed. Staff has directed Honeywell to coordinate with open raters, builders and other stakeholders to commence development of the needed standards, guidelines and processes.

Comment: Mr. Murray commented that the budgets should be proportionate to the level of SBC contribution made by the various rate classes, especially residential and small business ratepayers. Mr. Murray argues that Rate Counsel should recognize the unfairness in how RE program dollars are not allocated proportionately among stakeholders, and that the Board embrace the expansion of the RE program and develop innovative strategies such as increasing the RPS, feed in tariffs ("FITs"), and preferred classes of SREC for behind the meter and direct-to-grid projects.

Response: Comments directed at Rate Counsel should be sent directly to Rate Counsel and will not be addressed herein or by the Board. The allocation of CRA funds to specific programs and customer classes is based on numerous factors, including the level of funds contributed by each class, the costs of projects, the level of savings that result from projects and other public policy objectives, such as providing assistance to low-income customers. The current allocation of CRA funds is fair to and benefits all customer classes. Issues related to the Board's Renewable Portfolio Standard ("RPS"), feed in tariffs and preferred classes of SRECs are beyond the scope of the instant proceeding.

Comment: In regard to the Large Energy Users Program ("LEUP"), NJNG suggests that the Board explore allowing eligible companies to work closely with the Department of Energy on the Better Buildings, Better Plants program and the Better Building Industrials program. NJNG believes it's appropriate to consider the possibility of letting some of those expenses qualify within the large energy users program.

Strategic Energy Management ("SEG") proposes an optional addition for the LEUP program, intended to improve the penetration and persistence of existing Energy Conservation Measures ("ECM"), while also increasing customer awareness of operational savings. The Continuous Energy Improvement ("CEI") overlay is typically delivered as a full-year immersion cycle that covers a broad range of modules and culminates in the Strategic Energy Management Plan ("SEMP"). SEG envisions this as an enhancement of the current Final Energy Efficiency Plan required for the LEUP, which would include additional evaluation, such as a Business Practices Assessment, Energy Policy, and Employee Energy Awareness Plan.

Specifically, Strategic Energy Management proposes the following addition to the LEUP: Participants in LEUP will have the option to participate in a Continuous Energy Improvement program concurrent with LEUP activities, funded by NJCEP, to enhance their savings potential from installed ECMs by identifying and realizing operational savings. These operational savings will be tracked separately from ECM savings, but earn no additional incentive beyond the support of the CEI implementation.

Response: Strategic Energy Management first proposed the concept of CEI at the June 11, 2013 meeting of the EE Committee. While staff believes the concept is promising and warrants additional discussion, Staff believes additional research regarding the costs and benefits of such programs is needed prior to recommending any program changes to support the concept. Therefore, Staff does not support NJNG and Strategic Energy Management's recommendation to modify the Large Energy Users Program at this time.

Comment: South Jersey Gas suggests that the NJCEP once again be able to support and actively participate in the work of the CEE. South Jersey Gas is also supportive of the state's efforts to support a more holistic approach to energy savings and especially its efforts to promote not only better building performance, but the simultaneous installation of heating and water heating equipment. The continuation of the heating incentive will not only create more energy savings, it will create an even greater value for the homeowner in the form of best practices and improved health and safety. South Jersey Gas appreciates the state's work to secure funding for CHP and distributed generation. South Jersey Gas also suggests that the change in electric/gas allocation in the 2nd revised straw be changed to 69%/31%.

Response: The NJCEP is currently supporting the efforts of CEE, and Staff recommends ongoing support for CEE. Staff appreciates SJG's support of the efforts to promote a more holistic approach to energy savings and CHP. Staff concurs with SJG's suggestion to modify the proposed allocation of the FY14 funding level between electric and gas ratepayers which is discussed in more detail below.

Comment: Paulsboro Refining Company comments that the ambitious goal of developing 1,500 MW of CHP generation over the next 10 years will be more difficult if the incentive is not fully offered to larger CHP projects. The company suggests eliminating the incentive cap for larger projects, say greater than 7 MW. The incentive can still be limited to the lesser of 30% of total project capital cost or $0.35 per watt.

Response: Staff disagrees with Paulsboro's recommendation to eliminate the incentive cap for large CHP projects. The program offers significant incentives for CHP, capped at $3 million, for larger systems. The program is intended to promote multiple projects and multiple technologies. The cap is intended to ensure that no one project utilizes an inordinate share of the budget and that the CHP program budget is available to the multiple customers that pay into the SBC and that have an interest in developing a CHP or fuel cell project. Staff notes that most other programs, with the exception of the LEUP and SBC Credit program, are capped at $2 million or less per customer. Based on the above, Staff recommends that the cap of $3 million per project remain as proposed.

Comment: Veolia, Mr. Goldenberg, Energenic, Clear Edge, Consolidated Energy, and Bloom Energy all raised concerns with the proposed requirement that all CHP/fuel cell systems that receive NJCEP incentives "Shall have the ability to automatically island/disconnect and operate independently from the utility in the event of substantial grid congestion, interruption, or failure." All argued that this requirement could add substantial cost to a project, that the requirement does not make financial sense for facilities that already have backup generation, and that the requirement would create a significant disincentive to customers currently considering installing a CHP or fuel cell system.

Response: Staff has been facilitating a CHP working group that is exploring alternative methods of financing CHP/fuel cell systems and utilizing CHP as a means of "hardening" the grid. Specifically, in its review of potential ways to harden the grid post Superstorm Sandy, Staff is exploring the potential for CHP and fuel cells to provide a reliable source of backup power during large scale electric grid outages, particularly for critical facilities.

However, based on the comments submitted, Staff is convinced that the proposal to require CHP/fuel cell systems to have the ability to automatically island/disconnect and operate independently from the utility is premature. The comments raised a number of issues related to whether this requirement should apply to all CHP/fuel cell systems or just to those installed at critical facilities, what the definition of a critical facility is, and whether and what enhanced incentives should be made available to offset the additional costs created by this requirement. Based on the above, Staff recommends that this requirement be eliminated at this time, to allow Staff the time to further investigate the impacts and applicability of the requirement and whether additional incentives should be made available to systems that have the ability to operate during grid outages. Staff anticipates that it will conclude its investigation and submit related recommendations to the Board in September 2013.

Comment: Veolia commended the Board for its continued recognition of the value and benefits CHP can provide to New Jersey and its residents. The increase in the proposed level of funding is a welcome development following previous years of lost funding and should help to make a significant contribution to meeting the EMP goal of 1,500 MW of CHP.

In the context of general support for the increased funding for the CHP program, Veolia made two specific comments on ways it believes program eligibility criteria might be less restrictive. The first concerns the restriction that limits the system size to no more than 100% of the customer's recent historical consumption. Veolia argues that this is an artificial restriction that serves no useful societal purpose. For projects with large thermal loads, restricting the size of the electric generation to no more than 100% of historic usage may render the project unable to economically serve its entire thermal load. Veolia also questions why surplus power must be sold to PJM. Paulsboro also submitting comments requesting changes to the program requirement that the electric capacity of a CHP system cannot exceed historic usage at the site.

Response: Staff believes that Veolia's proposed changes could potentially have merit. However, this is the first time that Staff is hearing this recommendation and Staff requires additional time to properly assess the impacts of the proposed changes. Therefore, Staff will direct TRC to coordinate a discussion of the changes proposed by Veolia at a future EE committee meeting and to solicit comments on proposed changes prior to making any recommendations to the Board.

Comment: NJLEUC contends that the 50 percent efficiency requirement for fuel cells without heat recovery that's contained in TRC's draft compliance filing is problematic because the state of the art for large fuel cells is probably between 45 and 47 percent and it's only the very smaller units that can satisfy that sort of efficiency standard.

ClearEdge Power states that not all facilities have a large thermal load, making electric-only fuel cell installations attractive. The current electric-only efficiency requirement of 45% within the first year is understood to exclude some industry participants. Additionally, some fuel cells with high reported first year electrical efficiency values may be expected to degrade quickly, resulting in a lower average electrical efficiency after a few years following installation. In order to drive true market competition and allow all companies the same opportunities for electric-only projects, and in order to ensure high overall efficiency for fuel cell customers, ClearEdge suggests a first year electrical efficiency requirement of 42%.

Response: Staff is of the opinion that the minimum efficiency requirement for fuel cells without heat recovery warrants additional consideration. However, additional time is required to assess the appropriate minimum requirement and the implications of any change. Therefore, Staff recommends that, for the time being, the minimum efficiency level for fuel cells without heat recovery remain at 50% LHV. Staff will coordinate with TRC to schedule meetings with interested stakeholders to further assess the potential to lower the minimum efficiency requirements for fuel cells without heat recovery and will defer recommending any changes for consideration by the Board until after those discussions take place.

Comment: Bloom Energy encourages the Board to understand that the term CHP is actually an exclusive term that leaves out a very important class of customers – telecommunications providers, supermarkets -- ratepayers that ought to be included, and that the CHP program is actually a CHP and fuel cell program, as it ought to be.

Bloom disagrees with Staff's belief that the success of the program ought to be measured based upon the number of kilowatts of capacity that are installed for every dollar that's expended. In addition there ought to be consideration given to the type of facility. As an example, Bloom cited the example of a project at a remote CHP facility serving a few customers compared to a telecommunications company that provides communications to millions of people.

Response: Staff understands the meaning of the term CHP and that it does not include systems without heat recovery. However, the CHP-Fuel Cell program is clearly available to customers that install fuel cells without heat recovery, as proposed by Bloom Energy.

Bloom is mistaken in its assertion that Staff believes the program should be measured solely based on the number of kW installed. While Staff believes this is an important factor, Staff believes other factors also need to be considered. Staff notes that fuel cells are significantly more expensive that traditional CHP systems and that the incentives for fuel cells are double the incentives for CHP systems. This means the State would get twice as much capacity per rebate dollar paid to a CHP system than it would get from a fuel cell system of the same cost. While not the only factor to consider, Staff believes kW installed per dollar spent is a key factor that should be considered by the Board when setting incentive levels and establishing program rules. In addition, the NJCEP is a program intended to promote energy efficiency and renewable energy for all ratepayers, not a program to promote enhanced reliability for certain customers

Staff will consider these issues further and prepare additional recommendation for consideration by the Board at a future date.

Comment: ClearEdge Power strongly supports the suggested $50M plus 2012-2013 rollover funding, which seems sufficient for current market demand for both the small and large fuel cell programs combined. Distributed generation projects using fuel cell systems typically require between 12 and 18 months to properly qualify, develop and contract. Stable incentive funding is critical to early project phases, such as qualification and development, while maintaining dedicated funding for distributed generation programs sends a clear message to the market. This allows project developers adequate time to develop high-quality, long term projects. The market demand for fuel cells in New Jersey has increased in part due to the significant advantages they offer during grid outages. During Hurricane Sandy, twenty-three PureCell® systems installed in the Northeast continued to provide power and heat throughout the storm. Several of the PureCell® systems operated for days without the grid, allowing customers to maintain basic business operations, provide hot water and keep the lights on. Without stationary fuel cells, these businesses would have lost revenue and the community would not have had access to critical services during that difficult time. Therefore, any additional decrease in the fuel cell budget is counter to the intent of making budget adjustments to ultimately improve the State's grid resiliency. The key to a long term strategy for the State will be the continuation of clean DG programs, indicating New Jersey's commitment to the Energy Master Plan and the State's resiliency goals in the aftermath of Hurricane Sandy.

Response: Staff appreciates ClearEdge Power's support for the proposed funding level.

Comment: ClearEdge Power argues that in order to fully maximize the number of fuel cell or CHP projects installed at different facilities, critical or not, the efficiency requirement of 60% HHV (65% LHV) should be reconsidered. ClearEdge Power fully supports systems with high efficiencies; however, the 60% HHV does not necessarily return the best payback for most applications and therefore may limit the speed of deployment of fuel cells in New Jersey. Under the current rules, a customer desiring to deploy a CHP fuel cell must burden the project with extra equipment and costs to meet the efficiency hurdle, even if the additional costs do not result in sufficient heating fuel savings that pay the initial costs back. As an example, the data center market is an excellent fit for fuel cells and CHP, especially given their potential as critical facilities. Data center applications typically utilize byproduct heat to drive absorption chillers for cooling, which only takes advantage of the high grade heat produced by fuel cell systems. Due to this particular heat utilization profile, where only the high grade heat is needed, the 60% HHV requirement is a difficult hurdle for project implementation without adding further costs to the project to also use some portion of the low grade heat. To overcome this obstacle more effectively, ClearEdge suggests an efficiency requirement of 50% HHV (55% LHV). This efficiency requirement is similar to efficiencies that meet the requirements of the State of

California's Self-Generation Incentive Program. While this is lower than the current 60% HHV efficiency requirement, an absorption chiller application using fuel cell waste heat can actually increase in efficiency over time, since the amount of chilling capacity increases over the life of the fuel cell.

Response: Staff disagrees with ClearEdge Power's proposal to reduce the minimum efficiency levels for CHP systems. As stated previously, the NJCEP is designed to promote energy efficiency and renewable energy. While reliability issues are certainly of a major concern to Staff and the Board, Staff believes that the NJCEP should support only the most efficient CHP systems. Given the number of applications recently submitted to the CHP/FC program, Staff notes that the minimum efficiency requirements do not appear to be a detriment to the development of CHP/FC.

Comment: Rate Counsel recommended that the OCE consider modifying the HPwES program design, including incentive levels, based on an analysis provided in its comments. Rate Counsel questions whether the increase in the HPwES budget is appropriate given the high cost of this program.

Response: Staff agrees with Rate Counsel that consideration should be given to modifying the HPwES program. Staff noted in the 2nd Revised CRA Straw Proposal that this program, when compared to similar programs in other states has performed poorly in terms of energy savings. Staff notes several potential reasons for this, including incentive levels, but also notes that other programs claim savings for measures such as CFLs, which the NJCEP does not. Staff recommended additional evaluation to assess the HPwES program and recommend modifications intended to improve the program. Staff recommends that the program remain as currently designed for now pending the results of the proposed evaluation.

Comment: Rate Counsel stated that the line item for "new programs" should be clarified so that the new programs are better defined.

Response: The 2nd Revised CRA Straw Proposal notes that the Board has previously approved two programs, Multi-family financing, and Retro-commissioning, which were approved but never implemented. The Multi-family financing program would provide financing for EE projects to owners of multi-family buildings. The Retro-commissioning program would provide incentives for customers to ensure equipment is operating as designed and to develop operation and maintenance practices that conserve energy. The RFP for the new Program Administrator required bidders to include fees for implementing these programs and Staff anticipates they will be implemented in FY14. Staff refers Rate Counsel to the 2011 and 2012 C&I compliance filings approved by the Board for additional details regarding these two proposed new programs.

Staff Recommendations and Proposed Modifications to the Compliance Filings

In June 2012, Treasury issued a request for proposals on behalf of the Board to engage a Program Administrator to manage the NJCEP under a single contract. By letter dated February 22, 2013, Treasury, Department of Purchase and Property ("DPP") issued a Notice of Intent to Award the contract. DPP subsequently received challenges to the award. Due to the challenges, the DPP procurement process is ongoing and a contract has not been issued.

Staff anticipates that the contract will be awarded during FY14 and the Board will commence the transition to the new Program Administrator. The transition period will take approximately three months from the effective date of the contract. During the transition period the selected

Program Administrator is required to develop a Strategic Plan that will guide the NJCEP as it transitions to alternate means of financing. In part, the Strategic Plan will assess the potential for financing programs to achieve the objectives discussed in the 2nd Revised CRA Straw Proposal. As a first step toward increasing financing options within the NJCEP, staff has recommended funding for a new program that was previously Board-approved but not launched – the Multi-family Financing program.

The OCE participated in the EE and RE committee meetings and provided input regarding proposed programs and budgets. The OCE has reviewed the initial filings, the written comments submitted by stakeholders, the oral comments presented at the public hearing and updated program information. The OCE coordinated with the Market Managers regarding proposed changes to be incorporated into the final FY14 compliance filings. Following this review, the OCE recommends several changes to the initial compliance filings submitted in May 2013:

1. CHP: For the reasons discussed above in response to the comments, Staff proposes to eliminate the requirement that all CHP/fuel cell systems: "Shall have the ability to automatically island/disconnect and operate independently from the utility in the event of substantial grid congestion, interruption, or failure." While Staff continues to believe this proposal has merit, Staff will facilitate additional discussion and input prior to bringing a final recommendation to the Board for consideration.

2. Smart Growth: By Order dated May 29, 2013 the Board eliminated the Smart Growth eligibility requirement that limited NJCEP incentives for certain new construction to buildings located in Smart Growth areas. Staff directed Honeywell and TRC to modify their final FY14 compliance filings to reflect this change. The final compliance filings have been modified to accordingly.

3. The draft FY14 budgets are based, in part, on final 2012-2013 budgets. Pursuant to the budget flexibility authorized by the Board in its November 20, 2012 Order, on or about June 18, 2013, the OCE authorized the transfer of $1.3 million from the Residential HVAC program to the HPwES program. The final 2012-2013 budgets shown below reflect this change.

4. Residential EE budget: Honeywell has reported to Staff that Residential New Construction (RNC) program applications are being submitted at a pace 23% above estimated participation levels and that the backlog of commitments has increased from 5,500 to 6,770 units. In addition, Honeywell estimates that the combined effect of Superstorm Sandy rebuilding and elimination of Smart Growth restrictions will stimulate additional participation in the RNC program. Therefore, Honeywell has proposed to shift $2 million from the HPwES program to the RNC program as compared to the draft June 6, 2013 budgets. The HPwES budget remains higher that the current annual budget level and sufficient funds remain in the HPwES budget to meet anticipated program activity levels. Staff adjusted the new funding allocated to the HVAC, RNC and HPwES programs to reflect this change and the change proposed in 2 above.

5. The draft budgets are based, in part, on estimated expenses. The initial OCE compliance filing budget was based on the assumption that the OSW study being prepared by Rutgers and the remaining CST grants would be paid in full by June 30, 2013. However, OCE now estimates that final payments for these projects will occur in

FY14. Therefore, Staff is proposing to revise the 2012-2013 estimated expenses as follows:

a. For the OSW budget, reduce estimated expenses by $100,367.29. This is the remaining balance related to the OSW study. This change will increase the OSW FY14 budget by an equivalent amount.
b. For the Edison Innovation Clean Energy Fund budget, reduce estimated expenses by $228,999.72, which is the outstanding balance on previously awarded grants. This change will increase the proposed FY14 budget from $0 to $228,999.72.

6. TRC's proposed budget included $215,000 for the new SBC Credit program. TRC has since developed a proposed contract modification and updated its estimated expenses to $300,000. The final budget submitted by TRC increases the budget for the SBC Credit program from $215,000 to $300,000, an increase of $85,000, and reduces the P4P program budget by $85,000.

Revisions to 2012-2013 Budget

By Order dated November 20, 2012, the Board approved 2012-13 programs and budgets and authorized the Office of Clean Energy ("OCE" or "Staff") to make limited modifications to NJCEP budgets provided that certain conditions were met. I/M/O Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009-2012 Clean Energy Program: Revised 2012 Programs and Budgets; and Initial 2013 Programs and Budgets, Docket No. EO07030203 & EO11100631V ("November 20, 2012 Order"). The Board authorized Staff to modify NJCEP budgets within budget subsectors provided that program expenses and commitments exceeded 85% of the program budget, the reallocation does not exceed 10% of a program's budget, and that other conditions are met.

The following process was approved which allows Staff approval of a modification to a NJCEP program budget:

1. Staff must provide written notice to each Commissioner at least three days prior to implementing any budget modifications. The notice must include the following information:

    a. The programs funds would be transferred to and from;
    b. The amount of the transfer; and
    c. The reason for the transfer.

2. Staff shall post notice of any budget modification on the NJCEP web site and circulate the notice to the Energy Efficiency ("EE") and Renewable Energy ("RE") Committee listservs, and provide a reasonable amount of time for the public to provide comments on the budget modification.

3. After receipt of comments, Staff must present any budget modification implemented pursuant to its delegated authority to the Board for formal consideration at the next agenda meeting, or as soon as practicable.

By letter dated June 7, 2013, Honeywell notified Staff that enrollments into the Home Performance with Energy Star ("HPwES") program were up 39% over the 2013 monthly average enrollment rate and that HPwES program Tier 3 enrollments were 44% higher than average in May 2013. Based on the large increase in recent enrollments the HPwES program was approaching the 2012-2013 budget approved by the Board. Honeywell requested that $1,460,000 be transferred from the Residential HVAC program "Rebates, Grants and Other Direct Incentives" budget category with $1,300,000 transferred to the HPwES "Rebates, Grants and Other Direct Incentives" budget category and $160,000 transferred to the HVAC program "Rebate Processing, Inspections and Other Quality Control" budget category. Sufficient funds would remain in the Residential HVAC program "Rebates, Grants and Other Direct Incentives" budget category to pay all anticipated rebates.

Consistent with the procedures outlined above, on June 10, 2013 Staff provided notice of the request to the commissioners and circulated the proposed budget modifications to interested stakeholders for comment. No comments were received. Therefore, on or about June 18, 2013, Staff approved the budget modification.

Having reviewed the request from Honeywell, the Board **FINDS** that due to increased participation levels, the HPwES program budget requires additional funding to remain operational through FY13 and that the HVAC program "Rebate Processing, Inspections and Other Quality Control" budget component requires additional funding to process the higher than estimated number of applications. The Board **FINDS** that the proposed budget modifications are reasonable and will allow the programs to continue operating through June 30, 2013, which is the end of the budget year.

Based on the above, the Board **HEREBY CONFIRMS** Staff's approval of the NJCEP budget modifications submitted by Honeywell as outlined above. The FY14 budgets discussed below are based, in part, on the final 2012-2013 budgets and the final 2012-2013 budgets shown below include this modification.

Proposed NJCEP Funding

The FY14 budget process commenced with the preparation of a 15 & 3 Report (15 months of actual expenses and 3 months of estimated expenses) by the Program Coordinator. In order to estimate 2012-2013 carryover, estimated 2012-2013 expenses were deducted from the final Board approved 2012-2013 budget. Of that carryover, the program managers estimate that $169 million in rebate commitments will exist as of June 30, 2013, for projects to be completed in FY14 or FY15. The initial FY14 proposed budget that was circulated in May 2013 included an estimate of approximately $138 million in EE carryover, $12 million in CHP-Fuel cell carry over, $12.5 million in RE carryover, $44 million in EDA program carryover, $4.1 million in NJCEP Administration carryover and $9.8 million in True Grant carry over for a total of $221 million in carryover..

In the CRA IV Order, the Board approved a funding level of $344,665,000 for FY14 from the SBC. The following table shows the allocation to the various budget categories of the FY14 funding level approved by the Board:

FY14 Funding Level

Funding Category	FY14 Funding Level
EE	$252,565,000
RE	$17,500,000
CHP-Fuel Cells	$50,000,000
EDA	$7,500,000
NJCEP Administration	$17,100,000
Total NJCEP	**$344,665,000**

The NJCEP has provided the EDA with funding for the NJCEP programs EDA manages. Any unspent NJCEP funds held by EDA earn interest. The EDA has also issued loans and grants through the NJCEP that are repaid over time. Any such interest or loan repayment becomes available for new program activity. The EDA has estimated that interest and loan repayments for the period from January 1, 2012 through June 30, 2013 will total $1,665,179.55. This funding is available for allocation to NJCEP programs.

The following table shows the FY14 new funding level, estimated 2012-2013 carry over, line item transfers from one budget sector to another, EDA interest and loan repayments, and the resultant FY14 budget. The table also shows the level of commitments estimated to exist as of June 30, 2013 and the proposed FY14 budget when and the estimated commitments are deducted.

Proposed FY14 Program Funding

Budget Category	New FY14 Funding	Estimated 2012 - 2013 Carry Over	Line Item Transfers	Other Anticipated New Funding	FY14 Budget	Estimated Commitments	FY14 Budget less Estimated Commitments
	(a)	(b)	(c)	(d)	(e)=(a)+(b)+(c)+(d)	(f)	(g)=(e)-(f)
Energy Efficiency	$252,565,000.00	$138,071,260.23	$20,000,000.00	$0.00	$410,636,260.23	$120,947,091.68	$289,689,168.55
CHP-FC: Large & Small	$50,000,000.00	$11,967,070.00	$3,665,179.55	$0.00	$65,632,249.55	$5,022,757.00	$60,609,492.55
Renewable Energy	$17,500,000.00	$12,864,097.56	$0.00	$0.00	$30,364,097.56	$11,612,364.00	$18,751,733.56
EDA Programs	$7,500,000.00	$44,735,602.88	($23,665,179.55)	$1,665,179.55	$30,235,602.88	$22,010,743.00	$8,224,859.88
NJCEP Administration	$17,100,000.00	$4,193,028.16	$0.00	$0.00	$21,293,028.16	$0.00	$21,293,028.16
True Grant	$0.00	$9,789,874.29	$0.00	$0.00	$9,789,874.29	$9,789,874.29	$0.00
Total NJCEP	**$344,665,000.00**	**$221,620,933.11**	**$0.00**	**$1,665,179.55**	**$567,951,112.66**	**$169,382,829.97**	**$398,568,282.69**

(a) Proposed FY14 new funding
(b) Estimated 2012-13 carry over for EE, RE, EDA and NJCEP Administration.
(c) Line item transfers to or from one NJCEP program to another NJCEP program.
(d) Other Anticipated Funding: EDA interest and loan repayments.
(e) FY14 Budget equals New FY14 Funding (a), plus estimated carry over (b), plus line item transfers (c), plus other anticipated new funding (d)
(f) Estimated program commitments as of June 30, 2013.
(g) FY14 budget, less estimated program commitments.

The OCE utilized the 15 & 3 report to develop a preliminary Staff straw budget proposal that was circulated to the EE and RE committees and used as a basis for commencing FY14 program and budget discussions. Updates were provided, as available. The EE and RE committees met monthly from February through June to review and discuss proposed programs and budgets.

Based on the goals and strategies set forth in the Energy Master Plan and the EE and RE policy objectives of the NJCEP, the Market Managers developed proposed programs and budgets for discussion at the EE and RE committee meetings. The Market Managers considered the comments of committee members and the OCE in developing proposed budgets that were included in their filings. The following tables show the draft budgets proposed by Staff in the June 6, 2013 revised FY14 budget proposal.

Energy Efficiency and CHP-Fuel Cell Program Budget

The following table shows the FY14 Energy Efficiency and CHP-Fuel Cell Program budget recommended by the OCE. The proposed budget is followed by a brief description of the programs.

Proposed FY14 Energy Efficiency Program Budget

Programs	NJBPU Approved 2012-13 Budget	Estimated 2012-13 Expenses	Estimated 2012-13 Carry Over	Line Item Transfers	New FY14 Funding	FY14 Budget	Estimated Commitments
Residential EE Programs	(a)	(b)	(c) = (a) - (b)	(d)	(e)	(f)=(c)+(d)+(e)	(g)
Residential HVAC - Electric & Gas	$26,341,450 41	$24,698,481.47	$1,642,968.94	$0.00	$15,300,000.00	$16,942,968.94	$0 00
Residential New Construction	$27,764,931.10	$16,341,552.44	$11,423,378.66	$0 00	$12,000,000.00	$23,423,378.66	$10,480,335.00
Energy Efficient Products	$26,137,799.26	$24,716,889.51	$1,420,909.75	$2,000,000.00	$19,000,000.00	$22,420,909.75	$0.00
Home Performance with Energy Star	$44,008,734.71	$37,076,852.28	$6,931,882.43	$3,000,000.00	$35,700,000.00	$45,631,882.43	$6,734,709.00
Residential Marketing	$1,743,976.16	$1,743,976.16	$0.00	$0.00	$3,000,000.00	$3,000,000 00	$0.00
Sub Total Residential	**$125,996,891.64**	**$104,577,761.86**	**$21,419,139.78**	**$5,000,000.00**	**$85,000,000.00**	**$111,419,139.78**	**$17,215,044.00**
Residential Low Income							
Comfort Partners	**$50,000,000.00**	**$49,000,000.00**	**$1,000,000.00**	**$0.00**	**$35,000,000.00**	**$36,000,000.00**	**$1,000,000.00**
C&I EE Programs							
C&I New Construction	$4,524,122.02	$2,225,797.00	$2,298,325.02	$0 00	$0.00	$2,298,325.02	$664,728.11
C&I Retrofit	$57,257,018.97	$32,467,403.00	$24,789,615.97	$5,000,000.00	$20,000,000.00	$49,789,615 97	$23,733,229.94
Pay-for-Performance New Construction	$7,610,817.58	$1,479,827.00	$6,130,990.58	$0.00	$3,000,000 00	$9,130,990.58	$4,956,601 00
Pay-for-Performance	$50,055,958.00	$12,466,898.00	$37,589,060.00	$3,000,000.00	$21,915,000.00	$62,504,060.00	$37,588,363.00
Local Government Audit	$5,500,000.00	$3,391,705.00	$2,108,295.00	$0.00	$4,000,000.00	$6,108,295.00	$2,063,091.00
Direct Install	$56,632,162.20	$33,488,636.00	$23,143,526.20	$6,000,000.00	$20,350,000.00	$49,493,526.20	$14,945,865.00
Marketing	$1,575,000.00	$1,575,000.00	$0.00	$0.00	$3,000,000.00	$3,000,000.00	$0.00
Large Energy Users Pilot	$20,835,056.68	$1,242,749.00	$19,592,307.68	$1,000,000.00	$15,000,000.00	$35,592,307.68	$18,580,169 63
SBC Credit Program	$0.00	$0.00	$0.00	$0.00	$300,000.00	$300,000.00	$0.00
New Programs	$0 00	$0.00	$0.00	$0.00	$15,000,000.00	$15,000,000.00	$0 00
Sub Total C&I	**$203,990,135.46**	**$88,338,015.00**	**$115,652,120.45**	**$16,000,000.00**	**$102,565,000.00**	**$233,217,120.45**	**$102,732,047.68**
Other EE Programs							
Green Jobs and Building Code Training	$386,450.47	$386,450.47	$0.00	$0 00	$0.00	$0.00	$0.00
Sustainable Jersey	$1,439,850.89	$1,439,850.89	$0.00	$0 00	$0.00	$0 00	$0.00
Energy Infrastructure Trust	$0.00	$0.00	$0.00	$0.00	$30,000,000 00	$30,000,000.00	$0 00
Sub Total Other EE Programs	**$1,826,301.36**	**$1,826,301.36**	**$0.00**	**$0.00**	**$30,000,000.00**	**$30,000,000.00**	**$0.00**
Total Energy Efficiency	**$381,813,328.46**	**$243,742,068.22**	**$138,071,260.23**	**$20,000,000.00**	**$252,565,000.00**	**$410,636,260.23**	**$120,947,091.68**
C&I CHP-FC							
CHP-FC: Large and Small	**$13,500,000.00**	**$1,532,930.00**	**$11,967,070.00**	**$3,665,179.55**	**$50,000,000.00**	**$65,632,249.55**	**$6,022,757.00**

(a) Board approved 2012-13 budgets from 3/20/2013 Board Order as revised above
(b) Estimated 2012-13 expenses from 15 & 3 report
(c) 2012-13 budget less estimated expenses. (d) Line item transfers to or from one NJCEP program to another NJCEP program.
(e) Level of new FY14 funding allocated to each program.
(f) FY14 Budget = 2012-13 Carry over + Line Item Transfers + New FY14 Funding
(g) Committed expenses anticipated to be paid in FY14 or FY15

1. Residential HVAC – Electric and Gas: The Residential Gas and Electric HVAC Program provides rebates to customers that purchase high efficiency heating and cooling equipment such as furnaces and central air conditioners.

2. Residential New Construction: The Residential New Construction Program provides financial incentives to builders that construct new homes meeting the New Jersey Energy Star Homes standards, which are built to exceed the minimum requirements of existing building energy codes.

3. Energy Efficient Products: The Energy Efficient Products Program provides financial incentives and support to retailers that sell energy efficient products, such as appliances or compact fluorescent light bulbs.

4. Home Performance with Energy Star: The Home Performance with Energy Star Program relies on contractors that are Building Performance Institute (BPI) certified to install energy efficiency measures in existing homes and provides incentives to customers for the installation of such measures, as well as enhanced incentives for moderate income customers.

5. Residential Marketing: The residential marketing budget is for all marketing activities related to promoting the residential programs.

6. Residential Low Income: The Residential Low-Income Program provides for the installation of energy conservation measures at no cost to income-qualified customers.

7. C&I New Construction: The C&I New Construction Program provide rebates and other incentives to commercial and industrial customers that design and build energy efficient buildings.

8. C&I Retrofit: The C&I Retrofit Program provide rebates and other incentives to commercial and industrial customers that install high efficiency equipment in existing buildings.

9. Pay-for-Performance New Construction: The Pay-for-Performance New Construction program will provide incentives for new buildings based on the level of energy savings delivered rather than a prescribed rebate for the installation of a specific measure.

10. Pay-for-Performance: The Pay-for Performance program will provide incentives for existing buildings based on the level of energy savings delivered rather than a prescribed rebate for the installation of a specific measure.

11. Local Government Audit: The Local Government Energy Audit program offers subsidized energy efficiency audits to municipalities and other government entities.

12. Direct Install: The Direct Install program provides incentives for the installation of energy efficiency measures in small commercial buildings and non-profits.

13. C&I Marketing: The C&I marketing budget is for all marketing activities related to promoting the C&I programs.

14. Large Energy Users Program: the Large Energy Users Program provides incentives to the State's largest energy users through a streamlined program approach.

15. SBC Credit Program: the Board approved a new SBC credit program in December 2012 that allows customers to receive a credit against SBC payments made in the previous year for eligible EE measures.

16. New Programs: the 2nd Revised CRA Straw Proposal included funding for two potential new programs to be added in FY14, a Multi-family Financing program which would provide loans for EE projects in multi-family buildings, and a Retro-commissioning program which provides incentives to ensure equipment is operating as designed and to develop operation and maintenance practices that conserve energy.

17. Green Jobs and Building Code Training: This program will be discontinued in FY14.

18. Sustainable Jersey: Sustainable Jersey supports municipalities and school districts working towards a sustainable future and markets NJCEP programs to municipalities and schools. Funding for Sustainable Jersey has been transferred to the NJCEP Administration budget.

19. CHP- Fuel Cell: The combined heat and power ("CHP") and Fuel Cell program provides incentives for the installation of CHP and fuel cell systems. In FY14, the program will combine the small and the large scale CHP programs that were implemented in 2012-2013.

The following table sets out the proposed allocation of the Energy Efficiency and CHP-Fuel Cell program budget to each of the program managers:

Proposed FY14 Energy Efficiency and CHP Program Budget by Program Manager

Programs	Honeywell	TRC	Utilities	OCE	Total
Residential EE Programs					
Residential HVAC - Electric & Gas	$16,942,968.94				**$16,942,968.94**
Residential New Construction	$23,423,378.66				**$23,423,378.66**
Energy Efficient Products	$22,420,909.75				**$22,420,909.75**
Home Performance with Energy Star	$45,631,882.43				**$45,631,882.43**
Residential Marketing	$3,000,000.00				**$3,000,000.00**
Sub Total Residential	**$111,419,139.78**	**$0.00**	**$0.00**	**$0.00**	**$111,419,139.78**
Residential Low Income					
Comfort Partners			**$36,000,000.00**		**$36,000,000.00**
C&I EE Programs					
C&I New Construction		$2,298,325.02			**$2,298,325.02**
C&I Retrofit		$49,789,615.97			**$49,789,615.97**
Pay-for-Performance New Construction		$9,130,990.58			**$9,130,990.58**
Pay-for-Performance		$62,504,060.00			**$62,504,060.00**
Local Government Energy Audit		$6,108,295.00			**$6,108,295.00**
Direct Install		$49,493,526.20			**$49,493,526.20**
C&I Marketing		$3,000,000.00			**$3,000,000.00**
Large Energy Users Pilot		$35,592,307.68			**$35,592,307.68**
SBC Credit Program		$300,000.00			**$300,000.00**
New Programs		$15,000,000.00			**$15,000,000.00**
Sub Total C&I	**$0.00**	**$233,217,120.45**	**$0.00**	**$0.00**	**$233,217,120.45**
Other EE Programs					
Green Jobs and Building Code Training				$0.00	**$0.00**
Total NJCEP Programs				$0.00	**$0.00**
Energy Infrastructure Trust				$30,000,000.00	**$30,000,000.00**
Sub Total Other Energy Efficiency Programs	**$0.00**	**$0.00**	**$0.00**	**$30,000,000.00**	**$30,000,000.00**
Total Energy Efficiency	**$111,419,139.78**	**$233,217,120.45**	**$36,000,000.00**	**$30,000,000.00**	**$410,636,260.23**
C&I CHP-FC: Large and Small					
CHP-FC: Large and Small		**$65,632,249.55**			**$65,632,249.55**

Renewable Energy Program Budget

The OCE recommends the FY14 Renewable Energy Program budget shown in the following table. The proposed budget is followed by a brief description of the programs:

Proposed FY14 Renewable Energy Program Budget

Programs	NJBPU Approved 2012-13 Budget	Estimated 2012-13 Expenses	Estimated 2012-13 Carry Over	Line Item Transfers	New FY14 Funding	FY14 Budget	Estimated Commitments
	(a)	(b)	(c) = (a) - (b)	(d)	(e)	(f)=(c)+(d)+(e)	(g)
Customer On-Site Renewable Energy	$4,150,000.00	$4,037,205.82	$112,794.18	($112,794.18)		$0.00	$0.00
Clean Power Choice	$32,400.00	$32,400.00	$0.00			$0.00	$0.00
Offshore Wind	$5,518,408.00	$5,336,674.71	$181,733.29	$169,067.41		$350,800.70	$0.00
Renewable Energy Program: Grid Connected	$425,386.40	$0.00	$425,386.40	($169,066.40)		$256,320.00	$256,320.00
Renewable Energy Incentive Program	$19,074,184.40	$7,159,001.44	$11,915,182.96	$112,794.18	$17,500,000.00	$29,527,977.14	$11,356,044.00
Edison Innovation Clean Energy Fund (formerly CST)	$1,831,042.40	$1,602,041.67	$229,000.73	($1.01)		$228,999.72	$228,999.72
TOTAL Renewables	$31,031,421.20	$18,167,323.64	$12,864,097.56	$0.00	$17,500,000.00	$30,364,097.56	$11,841,363.72

(a) Board approved revised 2012-13 budgets from 3/20/2013 Board Order
(b) Estimated 2012-13 expenses from 15 & 3 report
(c) 2012-13 budget less estimated expenses.
(d) Line item transfers to or from one NJCEP program to another NJCEP program.
(e) Level of new FY14 funding allocated to each program.
(f) FY14 Budget = 2012-13 Carry over + Line Item Transfers + New FY14 Funding
(g) Committed expenses anticipated to be paid in FY14 or FY15

1. Customer Sited Renewable Energy ("CORE"): The CORE Program was terminated in 2008 and the budget line will be zeroed out in FY14.
2. CleanPower Choice: The CleanPower Choice Program is a program that allows customers to voluntarily support the development of an RE industry by agreeing to pay slightly higher rates to purchase renewably generated electricity. The NJCEP ceased providing financial support to this program in 2013 and the budget line will be zeroed out in FY14.
3. Offshore Wind: The Offshore Wind program will provide rebates for the installation of OSW meteorological towers or buoys, fund additional OSW studies and for review of OSW applications.
4. Renewable Energy Program: Grid Connected. This program, managed by the OCE, provides incentives to large non-solar renewable energy projects, including wind and biomass. The FY14 budget is to pay for commitments paid in previous years.
5. Renewable Energy Incentive Program: This program provides incentives for customer-sited renewable energy systems, as well as energy storage and biomass. Rebates for solar projects were discontinued in 2010; however, the budget includes funding for solar rebate commitments made in previous years. This program also provides services related to the establishment and trading of RECs and SRECs.
6. Edison Innovation Clean Energy Fund: The Board terminated the MOU with CST in 2010. The proposed FY14 budget is to pay any outstanding balances remaining on grants previously approved by the Board.

The following shows the proposed allocation of the FY14 Renewable Energy program budget to each of the program managers.

Proposed FY14 Renewable Energy Program Budget by Program Manager

Programs	Honeywell	OCE	Utilities	Total
Customer On-Site Renewable Energy				$0.00
Clean Power Choice				$0.00
Offshore Wind		$350,800.70		$350,800.70
Renewable Energy Program: Grid Connected		$256,320.00		$256,320.00
Renewable Energy Incentive Program	$29,527,977.14			$29,527,977.14
Edison Innovation Clean Energy Fund (formerly CST)		$228,999.72		$228,999.72
TOTAL Renewables	$29,527,977.14	$836,120.42	$0.00	$30,364,097.56

EDA Program Budget

The following table shows the proposed budget for the programs to be managed by EDA followed by a brief description of the program.

Proposed FY14 EDA Program Budget

Programs	NJBPU Approved 2012-13 Budget	Estimated 2012-13 Expenses	Estimated 2012-13 Carry Over	Other Anticipated New Funding	Line Item Transfers	New FY14 Funding	FY14 Budget	Estimated Commitments
	(a)	(b)	(c) = (a) - (b)	(d)	(e)	(f)	(g) = (c)+(d)+(e)+(f)	(h)
EDA PROGRAMS								
Clean Energy Manufacturing Fund	$8,364,735.63	$1,362,726.02	$7,002,009.61			$3,300,000.00	$10,302,009.61	$4,538,483.00
Edison Innovation Green Growth Fund	$3,440,545.29	$2,019,226.02	$1,421,319.27			$4,200,000.00	$5,621,319.27	$3,363,200.00
EE Revolving Loan Fund	$270,000.00	$270,000.00	$0.00				$0.00	$0.00
Large CHP Solicitation	$36,970,000.00	$657,726.00	$36,312,274.00	$1,665,179.55	($23,665,179.55)		$14,312,274.00	$14,109,060.00
Total EDA Programs	$49,045,280.92	$4,309,678.04	$44,735,602.88	$1,665,179.55	($23,665,179.55)	$7,500,000.00	$30,235,602.88	$22,010,743.00

1. Edison Innovation Clean Energy Manufacturing Fund: The Edison Innovation Clean Energy Manufacturing Fund will be managed by EDA to provide incentives to attract and expand energy efficiency and renewable energy manufacturing facilities in New Jersey.
2. Green Growth Fund: The Green Growth Fund will offer assistance in the form of loans to clean technology companies that have achieved 'proof of concept' and successful, independent beta results, and seek funding to grow and support their technology businesses.
3. EE Revolving Loan Fund: This program was terminated in 2012.
4. Large CHP – Fuel Cell Solicitation: In FY14 this program will be combined with the small scale CHP-Fuel cell program managed by TRC. The funds provided in the FY14 budget allow EDA to process through to completion the applications approved by EDA prior to the transfer of the program to TRC.

NJCEP Administration Budget

The following table shows the proposed FY14 NJCEP Administration budget recommended by the OCE.

Proposed FY14 NJCEP Administration Budget

Program	NJBPU Approved 2012-13 Budget (a)	Estimated 2012-13 Expenses (b)	Estimated 2012-13 Carry Over (c) = (a) - (b)	Line Item Transfers (d)	New FY14 Funding (e)	FY14 Budget (f) = (c)+(d)+(e)
Administration and Overhead						
OCE Staff and Overhead	$8,556,461.64	$5,282,412.16	$3,274,049.48	$6,055.00	$55,000.00	$3,335,104.48
Program Coordinator	$2,985,498.69	$2,972,575.65	$12,923.04		$1,950,000.00	$1,962,923.04
Sub-Total: Administration and Overhead	**$11,541,960.33**	**$8,254,987.81**	**$3,286,972.52**	**$6,055.00**	**$2,005,000.00**	**$5,298,027.52**
Memberships-Dues						
2012 Sponsorships	$200,000.00	$200,000.00	$0.00		$200,000.00	$200,000.00
Sub-Total: Memberships-Dues	**$200,000.00**	**$200,000.00**	**$0.00**	**$0.00**	**$200,000.00**	**$200,000.00**
Evaluation and Related Research						
Rutgers-CEEEP	$1,320,613.64	$1,220,613.00	$100,000.64		$1,300,000.00	$1,400,000.64
Funding Reconciliation	$71,055.00	$70,000.00	$1,055.00	($1,055.00)		$0.00
Other Studies	$10,000.00	$5,000.00	$5,000.00	($5,000.00)		($0.00)
Program Evaluation	$800,000.00	$0.00	$800,000.00		$8,000,000.00	$8,800,000.00
Sub-Total: Evaluation and Related Research	**$2,201,668.64**	**$1,295,613.00**	**$906,055.64**	**($6,055.00)**	**$9,300,000.00**	**$10,200,000.64**
Miscellaneous						
Outreach and Education/Community Partner Grants	$122,772.31	$122,772.31	$0.00			$0.00
Clean Energy Business Web Site	$120,000.00	$120,000.00	$0.00		$60,000.00	$60,000.00
Sustainable Jersey	$0.00	$0.00	$0.00		$500,000.00	$500,000.00
DCA RE Firefighter Training	$0.00	$0.00	$0.00		$35,000.00	$35,000.00
Program Transition	$0.00	$0.00	$0.00		$5,000,000.00	$5,000,000.00
Sub-Total: Miscellaneous	**$242,772.31**	**$242,772.31**	**$0.00**	**$0.00**	**$5,595,000.00**	**$5,595,000.00**
Total NJCEP Administration	**$14,186,401.28**	**$9,993,373.12**	**$4,193,028.16**	**$0.00**	**$17,100,000.00**	**$21,293,028.16**

(a) Board approved revised 2012-13 budgets from 3/20/2013 Board Order
(b) Estimated 2012-13 expenses from 15 & 3 report
(c) 2012-13 budget less estimated expenses.
(d) Transfer of funds from one NJCEP program to another NJCEP program.
(e) Level of new FY14 funding allocated to each program.
(f) FY14 Budget = 2012-13 Carry over + Line Item Transfers + New FY14 Funding

The NJCEP Administration budget includes four components:

1. Administration and Overhead;
2. Memberships-Dues
3. Evaluation and Related Research; and,
4. Miscellaneous.

Administration and Overhead includes the OCE Staff expenses and overhead and Program Coordinator services. The memberships and dues component includes funding for participation in national trade associations such as CEE and NASEO. The evaluation and related research component includes funds for various program evaluation activities that assess the energy efficiency and renewable energy markets in New Jersey, the jobs impact of energy efficiency and renewable energy programs, and that recommend improvements to the programs. The Miscellaneous component includes funds for a clean energy business web site, for Sustainable Jersey, for RE firefighter training provided by the Department of Community Affairs and for expenses related to transitioning the NJCEP to a new Program Administrator in FY14. The various components of the OCE Oversight budget are discussed in more detail in the OCE's compliance filing.

Protocols

The OCE has directed the program managers to develop proposed revisions to the Protocols to Measure Resource Savings ("Protocols"), approved by the Board by Order dated September 13, 2012, in Docket No. EO09120975. The revised Protocols are required to address any additions or changes to the 2012 programs approved herein. Proposed changes to the Protocols will be circulated to solicit input from public stakeholders and presented to the Board for consideration at a later date. Following Board approval, the Protocols will be utilized for estimating savings and generation for the FY14 programs discussed above.

DISCUSSION AND FINDINGS

Consistent with the contracts with the Market Managers and the Program Coordinator, the OCE has coordinated with the Market Managers and the Program Coordinator regarding the programs and budgets set out in the compliance filings. The OCE, in conjunction with these contractors, held monthly public meetings with the EE and RE committees from February to June 2013 to receive comments and input into the development of the FY14 programs and budgets. In addition, a public hearing was held on June 12, 2013 to solicit additional input on the proposed program plans and budgets, and written comments were accepted from the public. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the FY14 programs and budgets was appropriate and provided stakeholders and interested members of the public the opportunity to comment.

The OCE has considered the extensive public stakeholder input received, as well as the comments of the Market Managers and Program Coordinator. The OCE believes the programs and budgets discussed above will deliver significant benefits to the State and will satisfy the objectives of EDECA. Therefore, the OCE recommends approval of the FY14 program and budget filings consistent with the recommended modifications discussed above.

The Board has reviewed the OCE's recommendations regarding the FY14 programs and budgets as well as comments submitted by other interested public stakeholders. The Board **HEREBY FINDS** the OCE's recommendations to be reasonable. Therefore, the Board **HEREBY APPROVES** the FY14 program and budget filings submitted by the OCE dated June 17, 2013 (including the filings of the EDA and Sustainable Jersey), the Utilities dated June 14, 2013, Honeywell dated June 18, 2013, and TRC dated June 18, 2013. Having approved the programs, the Board **HEREBY DIRECTS** the OCE to work with the Market Managers, with appropriate notice to the public, to finalize application forms and make other changes necessary to implement the changes ordered herein.

The Board has reviewed the NJCEP budget proposed by the OCE and the comments on the proposed budget. The Board **HEREBY FINDS** the proposed budget to be reasonable and appropriate. Therefore, the Board **HEREBY APPROVES** the FY14 budget in the tables above, which reflect the OCE's final recommendations.

The FY14 budgets approved herein are based on estimated 2012-13 expenses and once final 2012-13 expenses are known, are subject to "true up" in a future Order. For example, the OCE estimated that $386,450.47 in expenses related to the Green Jobs Training program will be paid in 2012-13. This amount is the remaining balance on the grants previously approved by the

Board and therefore Staff did not propose a FY14 budget for this program. If actual 2012-13 expenses are less than the estimated expenses for Green Jobs Training, then the unspent amount will carry over into FY14. To the extent that FY14 budgets approved herein are below FY14 expenses due to actual 2012-13 expenses being less than estimated 2012-13 expenses, Treasury is authorized to pay invoices for approved program expenses.

Pursuant to its authority under N.J.S.A. 48:2-40, the Board will reopen this matter and adjust the FY14 budgets, as required, in a separate Order. Such changes will be considered by the Board and memorialized in a separate Order. The FY14 budgets approved herein are contingent on appropriations by the Legislature and subject to State appropriations law.

Contract Modifications

Honeywell, TRC and AEG have filed proposed requests to extend and/or modify their contracts as needed to implement the FY14 program and budget modifications approved herein. These contract modifications were transmitted to Treasury for review and approval. The Board will consider the contract extension requests in Docket Nos. EO09100835, EO09100836, and EO09020122.

DATED: 6/21/13

BOARD OF PUBLIC UTILITIES
BY:

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PRESIDENT

Jeanne M Fox
JEANNE M. FOX
COMMISSIONER

JOSEPH L. FIORDALISO
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MARY-ANNA HOLDEN
COMMISSIONER

ATTEST: Kristi Izzo
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

Kristi Izzo

IN THE MATTER OF COMPREHENSIVE ENERGYEFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR THE 2009 - 2012 CLEAN ENERGY PROGRAM: 2012 PROGRAMS AND BUDGETS: COMPLIANCE FILINGS
DOCKET NOS. EO07030203 & EO1110631V

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