



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

STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
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CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE ENERGY) ORDER
EFFICIENCY AND RENEWABLE ENERGY RESOURCE)
ANALYSIS FOR THE 2009 THROUGH 2012 CLEAN)
ENERGY PROGRAM - REVISED 2012 THROUGH 2013) DOCKET NO. EO07030203 and
PROGRAMS AND BUDGETS: BUDGET MODIFICATIONS) EO1110631V

Parties of Record:

Joe Gennello, Honeywell Utility Solutions
Michael Ambrosio, Applied Energy Group
Bruce Grossman, South Jersey Gas
Stefanie A. Brand, Esq., Director, Rate Counsel

This Order memorializes action taken by the Board of Public Utilities ("Board") at its June 21, 2013 public meeting, where the Board considered modifications to the 2012-2013 budgets for New Jersey's Clean Energy Program.

BACKGROUND

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

By Order dated November 20, 2012 the Board approved 2012-13 programs and budgets and authorized the Office of Clean Energy ("OCE" or "Staff") to make modifications to NJCEP budgets provided that certain conditions were met. In the Matter of 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) ("November 20, 2012 Order"). Specifically, the Board authorized Staff to modify NJCEP budgets within budget subsectors provided that the reallocation does not exceed 10% of a programs budget and that other conditions are met. The conditions are intended to provide Staff the ability to move funds in a manner that does not materially diminish any program and that prevents the need to temporarily shut down a program while providing the Board with appropriate oversight of any modifications made by its Staff.

The following process was approved which allows Staff approval of limited modifications 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 and Renewable Energy 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.

Comfort Partners Budget Modification

By letter dated April 25, 2013 from South Jersey Gas Company, sent on behalf of the utilities that manage the Comfort Partners low-income program, the utilities requested changes to the detailed Comfort Partners program budget. The utilities propose to move funds between utilities and budget categories while the overall Comfort Partners program budget approved by the Board would remain the same.

Some utilities have experienced greater than anticipated participation levels and some lower than expected levels. In order to fully expend the overall statewide budget the utilities are proposing to shift funds from the utilities with lower than expected participation levels to those with higher than expected levels.

The utilities are also proposing to shift funds from other budget categories to the "Rebates, Grants and Other Direct Incentives" and "Rebate Processing, Inspections and Other QC" budget categories. The utilities have indicated the changes are required to enable them to fully expend the budget and maintain quality assurance standards while also reaching some of the neediest ratepayers.

The tables below show the proposed revised budget, the current Board approved budget, and the difference between the two:

New January 1st 2012 - June 30th 2013 CP Budget (Proposed 4/25/2013)								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contractor Perf. Incentives
ACE	\$2,181,628.51	\$55,956.13	\$16,463.16	\$14,718.06	\$1,961,367.19	\$133,123.97	\$0.00	\$0.00
JCP&L	\$7,954,411.93	\$527,196.77	\$106,243.00	\$53,908.52	\$5,768,484.04	\$488,579.60	\$1,000,000.00	\$0.00
PSE&G- Elec	\$10,793,574.50	\$591,891.72	\$206,946.59	\$69,736.74	\$9,354,353.49	\$570,645.96	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$6,078,952.58	\$265,950.87	\$99,941.81	\$36,013.11	\$5,397,664.29	\$259,382.60	\$0.00	\$0.00
Elizabethtown	\$3,647,829.39	\$198,635.78	\$43,484.25	\$37,135.54	\$3,187,981.85	\$180,591.97	\$0.00	\$0.00
PSE&G-Gas	\$16,190,361.77	\$887,837.58	\$310,419.89	\$104,605.11	\$14,031,530.25	\$855,968.94	\$0.00	\$0.00
SJG	\$3,153,241.22	\$277,664.66	\$17,482.36	\$16,515.08	\$2,706,084.98	\$135,494.14	\$0.00	\$0.00
		\$2,825,133.51	\$800,981.06	\$332,632.16	\$42,407,466.09	\$2,633,787.18	\$1,000,000.00	\$0.00
PSE&G - Combined	\$26,983,936.27	\$1,479,729.30	\$517,366.48	\$174,341.85	\$23,385,883.74	\$1,426,614.90	\$0.00	\$0.00

Current Board Approved Budget (Approved March 5, 2013)								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation and Related Research	Performance Incentives
ACE	\$2,081,628.50	\$55,956.13	\$16,463.16	\$14,718.06	\$1,861,367.19	\$133,123.97	\$0.00	\$0.00
JCPL	\$7,704,411.93	\$637,196.77	\$106,243.00	\$53,908.52	\$5,418,484.04	\$488,579.60	\$1,000,000.00	\$0.00
PSEG-E	\$10,278,793.43	\$599,891.72	\$206,146.59	\$109,736.74	\$8,839,572.41	\$623,445.96	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$6,328,952.67	\$260,950.87	\$182,941.81	\$32,013.11	\$5,605,664.29	\$247,382.60	\$0.00	\$0.00
ETown Gas	\$4,047,829.39	\$203,635.78	\$53,484.25	\$37,135.54	\$3,587,981.85	\$165,591.97	\$0.00	\$0.00
PSEG-G	\$16,605,142.87	\$899,837.58	\$309,219.89	\$164,605.11	\$14,448,311.35	\$785,168.94	\$0.00	\$0.00
SJG	\$2,953,241.22	\$262,664.66	\$15,482.36	\$16,515.08	\$2,538,084.98	\$120,494.14	\$0.00	\$0.00
TOTAL	\$50,000,000.00	\$2,920,133.52	\$889,981.06	\$420,632.16	\$42,305,466.10	\$2,483,787.17	\$1,000,000.00	\$0.00
pseg combined	\$26,883,936.30	\$1,499,729.30	\$515,366.49	\$274,341.85	\$23,285,883.76	\$1,308,614.90	\$0.00	\$0.00

Proposed Budget Changes (4/25/2013)								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation and Related Research	Performance Incentives
ACE	\$100,000.01	\$0.00	\$0.00	\$0.00	\$100,000.00	(\$0.00)	\$0.00	\$0.00
JCPL	\$250,000.00	(\$110,000.00)	\$0.00	(\$0.00)	\$350,000.00	\$10,000.00	\$0.00	\$0.00
PSEG-E	\$514,781.07	(\$8,000.00)	\$800.00	(\$40,000.00)	\$514,781.08	\$47,200.00	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	(\$249,899.99)	\$25,000.00	(\$83,000.00)	\$4,000.00	(\$208,000.00)	\$12,000.00	\$0.00	\$0.00
ETown Gas	(\$400,000.00)	(\$5,000.00)	(\$10,000.00)	(\$0.00)	(\$400,000.00)	\$15,000.00	\$0.00	\$0.00
PSEG-G	(\$414,781.10)	(\$12,000.00)	\$1,200.00	(\$60,000.00)	(\$414,781.10)	\$70,800.00	\$0.00	\$0.00
SJG	\$200,000.00	\$15,000.00	\$2,000.00	(\$0.00)	\$188,000.00	\$15,000.00	\$0.00	\$0.00
	(\$0.00)	(\$95,000.01)	(\$89,000.00)	(\$88,000.00)	\$101,999.99	\$170,000.01	\$0.00	\$0.00
pseg combined	\$99,999.97	(\$20,000.00)	\$1,999.99	(\$100,000.00)	\$99,999.98	\$118,000.00	\$0.00	\$0.00

On April 25, 2013, Staff notified the Commissioner of the utilities' request to modify the Comfort Partners budget. On May 8, 2013, Staff approved the utilities' request. On May 20, 2013, the memorandum outlining the Comfort Partners budget modification was posted on the Clean Energy website and distributed to the EE and RE listservs. Comments were requested by May 28, 2013. No comments were received regarding the Comfort Partners budget modification.

Renewable Energy Incentive Program (“REIP”) Budget Modification

Honeywell manages the REIP program which includes fees for processing Solar Renewable Energy Credits (“SREC”) applications. Honeywell’s original budget was based on an estimate of 3,000 SREC applications being processed. However, SREC applications have been and continue to be submitted at a rate higher than estimated and Honeywell is now forecasting that it will process 4,200 SREC applications through June 30, 2013.

Honeywell has requested a change to the REIP budget that shifts \$228,000 from the “Rebates, Grants and Other Direct Incentives” budget category to the “Rebate Processing, Inspections and Other Quality Control” budget category in order to accommodate processing the additional SREC applications. The total REIP budget would remain unchanged and sufficient funds remain in the “Rebates, Grants and Other Direct Incentives” budget category to meet anticipated participation levels.

The table below shows the current Board approved REIP budget, the proposed change to the budget and the proposed revised budget:

2012-2013 18 Month REIP Budget

Program	Total	Administration, IT and Program Development	Sales & Marketing	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections and Other Quality Control
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REIP Budget Approved in Board Order - Agenda Date 3-20-13 Item 8D

REIP	19,074,184.40	2,064,310.38	0.00	0.00	14,356,384.16	2,653,489.86
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Request to Re-allocate Funds as Shown Below

REIP	0.00	0.00	0.00	0.00	(228,000.00)	228,000.00
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REIP Proposed Budget After Re-allocation of Funds

REIP	19,074,184.40	2,064,310.38	0.00	0.00	14,128,384.16	2,881,489.86
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On May 9, 2013, Staff notified the Commissioners of Honeywell’s request to modify the REIP budget. On May 20, 2013, Staff approved Honeywell’s request. Also on May 20, 2013, the memorandum outlining the REIP budget modification was posted on the Clean Energy website and distributed to the EE and RE listservs. Comments were requested by May 28, 2013. No comments were received regarding the REIP budget modification.

DISCUSSION AND FINDINGS

The Board has authorized OCE Staff to make modifications to NJCEP budgets provided the conditions set forth in the November 20, 2012 Order are met. Here, Staff exercised its delegated authority related to the Comfort Partners Program and REIP. All of the modifications at issue involved line-item transfers within each program and none of the transfers exceeded 10% of the program’s budget. Staff provided the Commissioners with notice of the modifications and released the proposed modifications for public comment. Staff did not receive any public comments.

Having reviewed the request from the utilities for budget modifications within the Comfort Partners Program, the Board **FINDS** that the participation levels at the individual utilities have varied, and there is a need to shift funds from the utilities with lower than expected participation levels to those with higher than expected levels. The Board **FINDS** that shifting funds from other budget categories to the "Rebates, Grants and Other Direct Incentives" and "Rebate Processing, Inspections and Other QC" budget categories will allow the utilities to fully expend the budget and maintain appropriate quality assurance standards. Therefore the Board **FINDS** that the proposal to move funds between the utilities and between budget categories within the Comfort Partners Program budget is reasonable. The Board also **FINDS** that the budget modification approved by Staff did not materially diminish the Comfort Partners Program.

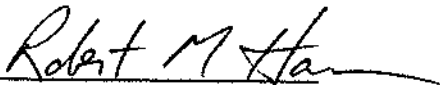
Having reviewed the request from Honeywell concerning REIP, the Board **FINDS** that the original budget estimate of 3,000 SREC applications was inadequate and that SREC applications continue to be submitted at a rate higher than estimated. The forecast is now at 4,200 applications and there is a need to shift funds to support this activity. The Board **FINDS** that shifting funds from the "Rebates, Grants and Other Direct Incentives" budget category to the "Rebate Processing, Inspections and Other QC" budget category will allow the program to accommodate processing the additional SREC applications. The Board reviewed the request from Honeywell to modify the REIP budget and **FINDS** that it is reasonable and will allow the SREC registration component of the REIP to continue through June 30, 2013. The Board also **FINDS** that the budget modification approved by Staff did not materially diminish the REIP program.

CONCLUSION

Based on the above, the Board **HEREBY RATIFIES** Staff's approval of the NJCEP budget modifications submitted by the utilities and Honeywell.

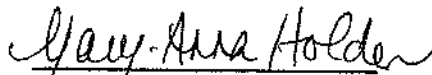
DATED: 6/21/13

BOARD OF PUBLIC UTILITIES
BY:

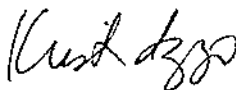

ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

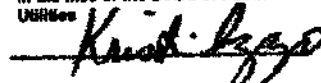

JOSEPH L. FIORDALISO
COMMISSIONER


MARYANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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



IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE
ENERGY RESOURCE ANALYSIS FOR THE 2009 THROUGH 2012 CLEAN ENERGY
PROGRAM – REVISED 2012 THROUGH 2013 PROGRAMS AND BUDGETS:
BUDGET MODIFICATIONS
DOCKET NOS. EO07030203 AND EO11100631V

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