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## State of New Jersey

BOARD OF PUBLIC UTILITIES  
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President

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Dianne Solomon  
Commissioner

Upendra Chivukula  
Commissioner

Bob Gordon  
Commissioner

April 15, 2021

To the Service List:

Re: Docket No. QO19010040 – In the Matter of the Implementation of L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs

AND

Docket No. GO20090618 – In the Matter of the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act

**Agenda Date: April 7, 2021 – Agenda Item: 8H**

Please be advised that the Board of Public Utilities (“Board”) is re-issuing the Order for the above-referenced agenda item that was approved by the Board at the April 7, 2021 Board agenda meeting to correct an error in the Discussion and Findings section for the monthly bill impact. On page 11 of the Order, the increase for a typical residential heating customer using 100 therms during a winter month was listed as \$1.27 or 0.9% from the petition and should reflect \$1.08 or 0.7% based on the settlement agreement between the Parties.

This is the only change to the Order, which will be re-distributed to the parties of record and the attached Service List.

Sincerely,

A handwritten signature in blue ink that reads "Aida Camacho-Welch".

Aida Camacho-Welch  
Secretary to the Board

/dg



Agenda Date: 4/7/21  
Agenda Item: 8H

**STATE OF NEW JERSEY**  
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ENERGY AND CLEAN ENERGY

IN THE MATTER OF THE IMPLEMENTATION OF <u>L.</u>	)	ORDER ADOPTING
2018, <u>C.</u> 17 REGARDING THE ESTABLISHMENT	)	STIPULATION
OF ENERGY EFFICIENCY AND PEAK DEMAND	)	
REDUCTION PROGRAMS	)	
	)	
IN THE MATTER OF THE PETITION OF SOUTH	)	
JERSEY GAS COMPANY FOR APPROVAL OF NEW	)	
ENERGY EFFICIENCY PROGRAMS AND	)	
ASSOCIATED COST RECOVERY PURSUANT TO	)	DOCKET NOS. QO19010040 &
THE CLEAN ENERGY ACT	)	GO20090618

**Parties of Record:**

**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel  
**Deborah M. Franco, Esq.**, VP, Rates, Regulatory & Sustainability, SJI Utilities, Inc.  
**Nathan Howe, Esq.**, Counsel for Energy Efficiency Alliance of New Jersey

BY THE BOARD:

On September 25, 2020, South Jersey Gas Company (“SJG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting approval of a proposed Energy Efficiency (“EE”) Program (“EEP V” or “Program”) (“Petition”). By this Order, the Board considers a stipulation of settlement (“Stipulation”) executed by SJG, Board Staff (“Staff”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Energy Efficiency Alliance of New Jersey (“EEANJ”) (collectively, “Parties”) that addresses several issues in this matter.

**BACKGROUND**

On January 13, 2008, L. 2007, c. 340 (“RGGI Act”) was signed into law based on the New Jersey Legislature’s findings that EE and conservation measures must be essential elements of the State’s energy future and that greater reliance on EE and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and EE industries are essential to maximize efficiencies.<sup>1</sup>

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<sup>1</sup> N.J.S.A. 26:2C-45.

Pursuant to Section 13 of the RGGI Act, codified as N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility may provide and invest in EE and conservation programs in its service territory on a regulated basis. Upon petition, such investment in EE and conservation programs may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas.<sup>2</sup> Ratemaking treatment may include placing appropriate technology and program costs investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board.<sup>3</sup> An electric or gas utility seeking cost recovery for any EE and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.<sup>4</sup>

In May 2018, Governor Murphy ordered the Board and several executive branch agencies to work on an Energy Master Plan ("EMP") that would chart a path for New Jersey to convert its energy production profile to 100% clean energy sources by January 1, 2050. The draft EMP was released in June 2019, and the final EMP was released in January 2020.

Also in May 2018, Governor Murphy signed into law the Clean Energy Act, L. 2018, c. 17 ("CEA"), which set forth ambitious goals to advance EE in the state. In the two years following passage of the CEA, the Board, Staff, Rate Counsel, electric and natural gas public utility companies, and a broad range of stakeholders worked diligently and collaboratively to review and consider options and best practices on a myriad of topics related to EE.<sup>5</sup>

By Order dated June 10, 2020, the Board approved an EE transition framework for EE programs implemented pursuant to the CEA, including requirements for the utilities to establish programs that reduce the use of electricity and natural gas within their territories.<sup>6</sup> In the June 2020 Order, the Board directed New Jersey's electric and gas companies to file petitions by September 25, 2020 for approval of three-year programs by the Board by May 1, 2021 to be implemented beginning July 1, 2021.

### **SJG September 2020 Petition**

In the Petition, the Company sought approval to implement 14 subprograms, including six (6) residential subprograms, one (1) multi-family subprogram, four (4) commercial and industrial ("C&I") subprograms, and three (3) pilot subprograms. The residential subprograms would, among other initiatives, promote the purchase and installation of high-efficiency products through rebates and on-bill repayment; provide customers with energy audits and installation of EE measures; allow customers to monitor and compare their energy usage with similar buildings in the area; and provide moderate-income customers with enhanced opportunities to participate in EE programs. Several of these subprograms are grouped under the Existing Homes Program. The C&I subprograms would, among other initiatives, incentivize the installation of energy efficient

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<sup>2</sup> N.J.S.A. 48:3-98.1(b).

<sup>3</sup> Id.

<sup>4</sup> Id.

<sup>5</sup> The subject matter included details of program design and administration, application of utility targets, filing requirements, cost recovery mechanisms, performance incentives and penalties, evaluation, measurement, and verification, tracking and reporting requirements, a triennial review process, and ongoing stakeholder working groups.

<sup>6</sup> In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040, Order dated June 10, 2020, ("June 2020 Order").

equipment; optimize energy consumption in existing buildings; provide enhanced incentives for small non-residential customers; and promote comprehensive custom EE projects in C&I buildings. Several of these subprograms are grouped under the Energy Solutions for Business Program. The Multi-Family subprogram would provide a dedicated pathway for multi-family buildings owners and tenants alike to take advantage of EE opportunities, including comprehensive projects, while the Residential Demand Response, C&I Demand Response, and Innovating and Synergistic Solutions pilot subprograms would promote and provide incentives for the installation of hybrid heat systems.

The Company proposed a total EEP V budget of approximately \$166.9 million (investment and expenses) over a three-year period from July 1, 2021 to June 30, 2024. The proposed programs and associated costs are summarized in the table below:

<b>Program</b>	<b>Proposed Budget (3-Year Program)</b>
Behavioral	\$3,086,809
Efficient Products	\$61,106,223
Existing Homes	\$30,300,077
Multi-Family	\$6,356,880
Direct Install	\$4,810,031
Energy Solutions for Business	\$18,687,634
Energy Saving Trees	\$330,583
Pilots	\$6,611,648
Portfolio Costs	\$6,555,082
EDCs In	(\$15,235,658)
EDCs Out	\$44,285,436
<b>TOTAL</b>	<b>\$166,894,745</b>

In addition to approval of the plan to implement the EEP V, the Company requested approval of a cost recovery mechanism. Specifically, SJG requested approval to recover the revenue requirement associated with the EEP V, including incentives, outside services, inspections and quality control, information technology, and operation and maintenance (“O&M”). The Company proposed to recover program costs through the existing EE Tracker (“EET”) rate mechanism as set forth in Rider “N” of the Company’s tariff. As previously approved, the proposed cost recovery mechanism consisted of two (2) parts. One part of the EET allows the Company to earn a return on the investment and recover the amortization of the regulatory asset. The second part of the EET recovers incremental O&M expenses associated with the EEP V. The Company proposed to recover lost revenues from reduced natural gas sales associated with the EEP V through its current Conservation Incentive Program (“CIP”) mechanism. The Company proposed a change to the EET rate effective July 1, 2021 to coincide with the beginning of the effective date of the EEP V.

The Company estimated that the monthly bill impact for a typical residential heating customer using 100 therms during a winter month will be an increase of \$1.27, or 0.9%, for the first year of the EEP V.

## **Procedural History**

On August 19, 2020, the Company met with Staff and Rate Counsel for a pre-filing meeting, as required by the May 2008 Order and June 2020 Order to discuss the Company's filing.<sup>7</sup>

By Order dated September 23, 2020, the Board designated Commissioner Chivukula as the presiding commissioner authorized to rule on all motions that arise during the pendency of the Petition and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.<sup>8</sup> Further, the September 23, 2020 Order directed that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by October 2, 2020 and that entities file with the Board any responses to those motions by October 9, 2020.

On September 25, 2020, SJG filed the Petition with the Board.

By the October 2, 2020 deadline, three (3) entities filed to intervene and four (4) entities filed to participate. Specifically, New Jersey Natural Gas Company ("NJNG"), Public Service Electric and Gas Company ("PSE&G"), and EEANJ filed motions to intervene in this matter. Atlantic City Electric Company ("ACE"), the Building Performance Association ("BPA"), Google, LLC ("Google"), Jersey Central Power & Light Company ("JCP&L"), and Rockland Electric Company ("RECO") each submitted motions to participate.

On October 6, 2020, SJG submitted a letter responding to the filed motions to intervene and participate filed by NJNG, PSE&G, EEANJ, ACE, Google, JCP&L, and RECO. In its letter, SJG indicated that it had no opposition to the motions to intervene or participate by EEANJ, ACE, Google, JCP&L, and RECO. With respect to the motions to intervene filed by NJNG and PSE&G, SJG stated that, while the Company agreed that the EE programs to be implemented by each Utility would require considerable coordination and involve important cost sharing and investment allocation issues, these concerns could be adequately addressed with participant status and ongoing dialogue among the Utilities. Accordingly, SJG requested that NJNG and PSE&G be granted participant status. By way of a supplemental letter, SJG indicated that it did not oppose the participation of BPA. By letter dated October 16, 2020, the BPA withdrew its motion to participate.

On October 16, 2020, Staff notified the Company that the Petition was not administratively complete. On October 19, 2020, the Company filed an updated Petition, addressing the items indicated in Staff's letter. On October 22, 2020, Staff notified the Company that the October 19, 2020 filing was deemed administratively complete. Accordingly, pursuant to the Board's May 2008 Order, the 180-day review period commenced on October 19, 2020.

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<sup>7</sup> In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO08030164, Order dated May 12, 2008 ("May 2008 Order").

<sup>8</sup> In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040, Order dated September 23, 2020.

Commissioner Chivukula issued a Prehearing Order on November 2, 2020 that established the issues to be determined by the Board, set forth a procedural schedule, granted intervener status to EEANJ, and granted participant status to the remaining movants.<sup>9</sup>

With the Petition, SJG filed the direct testimonies of Mr. Peter Druckenmiller, Program Manager, EE; Ms. Stefany M. Graham, Director, Rates and Regulatory Affairs; and Mr. Isaac Gabel-Frank, Vice President, Gabel Associates, Inc.

Following notice in newspapers of general circulation within SJG's service territory and the serving of notice upon affected municipalities and counties within the Company's service area, two (2) telephonic public hearings were held at 4:30 p.m. and 5:30 p.m. on January 19, 2021.<sup>10</sup> No members of the public provided oral comment at either hearing. The Board's Secretary received one (1) written comment in support of the Company's petition. No written comments were received by SJG or Rate Counsel.

### **STIPULATION**

Subsequent to conducting discovery and participating in settlement discussions, the Parties executed the Stipulation, which in relevant part provides for the following:<sup>11</sup>

18. The Company withdraws its request to include as part of its Program the Energy Savings Trees and the following pilots: Residential Demand Response, C&I Demand Response, and Innovative and Synergistic Solutions.
19. The Parties agree that, subject to the final consensus of the EE Working Groups as outlined in paragraph 39, the Company may offer the following approved programs/sub-programs for a term of three (3) years commencing July 1, 2021 and ending June 30, 2024:
  - Behavioral
  - Efficient Products
  - Existing Homes
    - Quick Home Energy Check Up ("QHEC")
    - Moderate Income Weatherization
    - Home Performance with Energy Star ("HPwES")
  - Multi-family
  - Direct Install
  - Energy Solutions for Business
    - Prescriptive and Custom Measures
    - Energy Management
    - Engineered Solutions

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<sup>9</sup> In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs and In re the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket Nos. QO19010040 and GO20090618, Order dated November 2, 2020.

<sup>10</sup> Due to the COVID-19 pandemic, hearings were held virtually.

<sup>11</sup> Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Paragraphs are numbered to coincide with the Stipulation.

20. The Company shall make an effort to maximize participation in the Energy Solutions for Business: Engineered Solutions programs, with a particular focus on governmental entities such as public schools and municipalities, provided that the Company retains the flexibility to use the funds allocated to the Program as practicable to maximize EE savings.
21. The Parties agree that the EEP V budget shall not exceed the grand total set forth in the table below.

PROGRAM	DIRECT	LOAN	O&M	TOTAL
	INVESTMENT	INVESTMENT		PROGRAM
BEHAVIORAL	\$2,812,500		\$239,063	\$3,051,563
ENERGY EFFICIENCY PRODUCTS	\$19,798,460	\$36,469,608	\$4,203,134	\$60,471,203
EXISTING HOMES	\$20,487,084	\$6,314,000	\$3,238,452	\$30,039,536
MULTIFAMILY	\$4,169,299	\$1,470,650	\$663,838	\$6,303,786
DIRECT INSTALL	\$3,330,040	\$914,926	\$523,336	\$4,768,302
ENERGY SOLUTIONS FOR BUSINESS	\$3,644,342	\$1,876,467	\$596,142	\$6,116,950
PORTFOLIO COSTS	\$2,904,682		\$2,090,000	\$4,994,682
TOTAL SJG EXPENDITURES	\$57,146,407	\$47,045,651	\$11,553,965	\$115,746,022
EDCs IN	(\$8,128,277)	(\$235,641)		(\$8,363,918)
EDCs OUT	\$25,741,166	\$143,218		\$25,884,384
NET TRANSFERS TO/FROM EDCS	\$17,612,889	(\$92,423)		\$17,520,466
GRAND TOTAL	\$74,759,295	\$46,953,228	\$11,553,965	\$133,266,488

22. The recoverable O&M expenses for the EEP V, including Administration and Program Development, Marketing, Workforce Development, Internal IT Expense, Inspections and Quality Control, and Evaluation, shall not exceed \$11.55 million. To facilitate the startup of the EEP V, the Company may incur costs upon the effective date of the Board Order, which shall be reviewed for prudence in the Company's subsequent EET True-Up filing.
23. Based on market response, the Company may shift the timing of investment spending between Program Years (July 1 – June 30) in any sub-program as necessary to provide flexibility in responding to market conditions and customer demand and to ensure the achievement of Program targets during the term of the Program, in accordance with the procedure outlined in the June 2020 Order.
24. During implementation, certain sub-programs may be more successful in the near term and require additional budget in order to respond to the market need and to continue operations. Accordingly, the Company shall establish a process enabling it to make adjustments to sub-program budgets in response to real market conditions experienced. The process, in accordance with the June 2020 Order, shall be as follows:
- a. SJG may shift its sub-program budgets out of an individual sub-program within the Residential sector or within the C&I sector, up to 25% of the individual sub-program's total budget with Staff notification (which should be provided within 30

days following the change), above 25% up to 50% with Staff approval, and over 50% with Board approval.

- b. SJG may shift budgets out of the Residential sector or the C&I sector up to 5% of individual utility sector budgets with Staff notification (which should be provided within 30 days following the change), above 5% up to 10% with Staff approval, and over 10% with Board approval. Such budgets may be added to any sub-program(s) within the sector to which it is being transferred without limitation when the budget shift does not exceed 5%.
  - c. All requests for budget adjustments shall be submitted to Staff and Rate Counsel. Staff retains the right to reject shifts requiring Staff notification. Requests for budget adjustments within the three-year Program filing necessitating Staff approval shall be submitted to Staff and Rate Counsel with a written description of and rationale for the proposed transfers, and shall be responded to within 30 days. Rate Counsel may object within 30 days, which will trigger Staff review within 30 days of Rate Counsel's objection. If there is no response from Rate Counsel or Staff within 30 days of SJG's request, those requests will be deemed granted.
25. Customer information shall be used by the Company to deliver an effective customer experience in compliance with any applicable Board regulations and statutory obligations. The Company shall adopt privacy and data handling policies and procedures for the EEP V that are consistent with SJG's customer data security protections, the June 2020 Order, and any applicable Board regulations and statutory obligations. In the event of any breach of the above confidentiality by an affiliate, SJG shall remediate such breach to the full extent required by law. In the event of any breach of confidentiality by a vendor hired to deliver the EEP V or to evaluate the sub-programs, the Company commits to enforcing the contractual confidentiality requirement to the extent allowed by the law. Any "breach of security" with respect to customers' "personal information," as those terms are defined in N.J.S.A. 56:8-161, shall be treated in accordance with the New Jersey Identity Theft Prevention Act, N.J.S.A. 56:8-161 et seq., and Section 3b of the Board's Cybersecurity Order of March 18, 2016 in Docket No. AO16030196.
26. SJG agrees that customer-specific data belongs to the customer, who may request or authorize SJG to share it with suppliers, and that data gathered during the operation of these sub-programs not specific to any particular customer belongs to the Company and shall be used solely to support current or future regulated utility programs. Such data may not be used for other purposes without Board approval. Any financial benefits derived from the data shall be used to offset the costs of the Program. The Company shall also submit non-customer-specific data to the Board in compliance with reporting requirements, as established by the Board.
27. The Parties agree that the design for all Programs and sub-programs shall be as described in Attachment A of the Stipulation, The EEP V Program Plan Descriptions, subject to modification consistent with the June 2020 Order and in cooperation with the Board's Utility Working Group and the Working Groups as further addressed in Paragraph 39. The Company commits to complying with all Board Orders regarding the programs and program details it is required to offer.
28. The Company shall continue to coordinate regarding transition of programs (including program delivery, program data, and marketing) with the current NJCEP program



administrator and other utilities with whom the Company has overlapping service territories. To the extent that the utilities jointly decide to implement programs differently than currently envisioned, the Company commits to implement, as permissible under law, consistent elements of the core programs concurrently with all electric and gas utilities in the state. This consistency shall include the following elements:

- a. Common forms for use by customers and contractors;
  - b. Contractor requirements, open and competitive procurement protocols where feasible, and training; procurement protocols should include policies and practices (e.g., scoring systems) developed in collaboration with the Equity Working Group and Workforce Development Working Group that encourage supplier diversity (including contractors and subcontractors) and contractor coaching/mentoring of diverse business enterprises;
  - c. Customer and property eligibility requirements and processes, including alternative/automatic eligibility methods for low- to moderate-income customers (e.g., based on census tracts, environmental justice communities, Urban Enterprise Zones, etc.);
  - d. Eligible measures;
  - e. Incentive ranges;
  - f. Incentive payment processes and timeframes;
  - g. Customer and contractor engagement platforms;
  - h. Data platforms and database sharing among program administrators, where appropriate; and
  - i. Quality control standards and remediation policies.
29. The Company shall recover EEP V costs through a separate component of the EET cost recovery mechanism, which shall operate as previously approved by the Board in BPU Docket Nos. GO09010059, GO12050363, GR15010090, and GO18030350, except as otherwise provided herein. The Company is and shall be authorized to defer and seek recovery of all reasonable and prudent EEP V program costs, including grant costs, customer incentives, and associated reasonable and prudent O&M expenses as limited in Paragraph 22 above. These costs shall be subject to recovery through rates in future periods pursuant to the terms of SJG's EET, Rider "N" of the Company's Tariff. The EEP V costs shall be subject to the terms set forth in Rider "N" and shall be recovered through a per-therm EE charge relative to all applicable service classes listed on Rider "N." Proposed tariff sheets are provided as Attachment B of the Stipulation.
30. The calculation of the carrying costs on the average monthly balances of under-recovery or over-recovery of deferred costs shall be subject to the terms under Rider "N" (see Attachment B of the Stipulation). Interest associated with over recoveries shall be credited against the EET, while interest associated with under recoveries shall be charged to the EET. The Company shall accrue interest on under- and over-recovery balances at a rate equal to the Company's monthly average short-term debt rate obtained on its commercial paper and/or bank credit lines. In the event that commercial paper was not utilized by the Company in the preceding month, the last calculated rate shall be used. The interest on monthly EET under and over recoveries shall be determined by applying the interest rate based on the Company's average interest rate for the corresponding month obtained on its commercial paper and bank credit lines, but shall not exceed the Company's weighted

average cost of capital utilized to set rates in its most recent base rate case, as set forth in Paragraph 33, or as authorized in SJG’s subsequent base rate cases.<sup>12</sup>

31. SJG agrees that EEP V direct program investments shall be amortized over a 10-year period, on a straight-line basis, with the return of the investment and return on the unamortized investments based upon a rate of 6.900% as shown in the capital structure below.

	Percent	Embedded Cost	Weighted Cost
Long-Term Debt	46.00%	3.731%	1.716%
Common Equity	54.00%	9.60%	5.184%
Total	100.00%		6.900%

In computing the return on investment component of its costs, SJG shall, in addition to a reduction for the accumulated amortization of its direct investments, deduct the applicable deferred income taxes related to the accumulated amortization.

32. As currently structured, the customer repayment periods for the EEP V On-Bill Repayment Plan (“OBRP”) offers shall be five (5), seven (7), and ten (10) years, depending on the program/sub-program and total OBRP funds made available. In computing the return on investment component of its costs, SJG shall reduce its cumulative OBRP investments with the associated cumulative customer repayments of the OBRP investments.
33. The Parties agree that any change in the Weighted Average Cost of Capital authorized by the Board in a subsequent base rate case shall be reflected in the subsequent monthly revenue requirement calculations as of the date of the next scheduled annual true-up.
34. EEP V investments and operating costs shall be reconciled to actual recoveries from the EET rate in the EET True-Up filings to be submitted in June of each year. Any federal or state benefits/grants, if applicable, received by the Company and associated with these programs shall be used to reduce the revenue requirement to be collected from ratepayers.
35. The Company shall include in its annual EET True-Up filings the Minimum Filing Requirements (“MFRs”) set forth in the June 2020 Order and Attachment C of the Stipulation.
36. The Company shall also provide the following information on a quarterly/annual basis as required after consideration and recommendation of the Evaluation, Measurement, and Verification (“EM&V”) Working Group. This information may include:

- a. Estimated free ridership and spillover with any cost-benefit analysis required;

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<sup>12</sup> In re the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for gas Service, Changes to Depreciation Rates and other Tariff Revisions, BPU Docket No. GR20030243 and OAL Docket No. PUC 04830-20, Order dated September 23, 2020.

- b. Participant costs (net of utility incentives), including a breakdown by sub-program with any cost-benefit analysis required; and
  - c. Results of program evaluations, including a breakdown by sub-program when required by the June 2020 Order.
37. The Company shall provide in all future EET True-Up filings the Rate Base/ROR/Expense presentation that is set forth in Attachment D of the Stipulation and reflects the settlement revenue requirement.
38. The Parties shall revisit the specific EEP V incentive levels agreed to herein before the conclusion of the first triennial period in time to support consideration of revised Program incentive levels in the next triennial.
39. The Parties recognize that the EE Working Groups referenced in the June 2020 Order have not yet completed their work as of the time of the Stipulation. The Parties recognize that these EE Working Groups will be addressing many long-term issues that will impact planning for future triennial periods. However, the Parties recognize that the EE Working Groups may issue recommendations for the current triennial period that are inconsistent with any programs and/or sub-programs set forth in Attachment A of the Stipulation and/or have the potential to increase or decrease the level of investment beyond the amount agreed to herein. To the extent that any particular aspect of the Stipulation concerning establishment of core sub-programs and coordinated elements (such as incentives, marketplace, marketing, workforce development, and contractor procurement), or sub-program structure in overlapping territories are not consistent with the final consensus reached by the EE Working Groups and approved by the Board with regard to the current triennial, the Parties agree that they shall meet to address any inconsistencies and define a path for resolution of these items.
40. The Parties recognize that, while the Board established the New Jersey Cost Test ("NJCT") on an interim basis through the August 24, 2020 Board Order, the Parties are not in agreement regarding the inputs and calculations used to implement the NJCT.<sup>13</sup> Further, the NJ Cost Test Order already noted that the interim NJCT may not include the full range of possible benefits and costs and committed to further review of the NJCT with the guidance of the EM&V Working Group. All parties agree that further deliberation of both the underlying elements included within the NJCT and the proper approach to calculating those elements is critical to accurately evaluating the cost effectiveness of EE program offerings for future triennials. To support that effort, the Parties agree, through the EM&V Working Group, to work through these issues regarding the NJCT in support of establishing a consistent and transparent approach to implementing this test.
41. The Parties agree that recoverable non-weather CIP amounts shall not exceed 4.0% of the aggregate variable margin revenues under the Variable Margin Revenue test in the first year of the EEP V, specifically the deferral period commencing July 1, 2021 and ending June 30, 2022.

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<sup>13</sup> In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs and In re the Clean Energy Act of 2018 – New Jersey Cost Test, BPU Docket Nos. QO19010040 and QO020060389, Order dated August 24, 2020 ("NJ Cost Test Order").

42. No later than January 31, 2022, SJG shall hold at least one (1) non-confidential collaborative meeting with interested parties to receive input on additional “non-core” program design. The non-core programs subject to discussion in the collaborative include, but are not limited to, demand response, non-pipes alternatives, building electrification, and other programs that further the clean energy goals of the State of New Jersey.
43. SJG shall continue to submit data regarding all of the EEP V programs and related expenses in accordance with the content, format, and timing dictated by both the June 2020 Order and subsequent directives from the Board, based on recommendations from the Statewide Evaluator procured by the Board or the EM&V Working Group.

### **DISCUSSION AND FINDINGS**

Having carefully reviewed the record in this matter, including the Petition, testimony, and Stipulation, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. The Board **FURTHER FINDS** that the Stipulation will benefit New Jersey’s residents, energy users, and ratepayers and is consistent with the goals of the CEA and the EMP, as well as the requirements of the Board’s June 2020 Order. The Board **FINDS** that the Stipulation will bolster New Jersey’s clean energy workforce and will greatly improve the ability of low- and moderate-income customers to take advantage of EE programs, initiatives, and opportunities. Accordingly, the Board **HEREBY APPROVES** the attached Stipulation in its entirety and **HEREBY INCORPORATES** its terms and conditions as though fully stated herein.

Accordingly, the Board **HEREBY AUTHORIZES** SJG to implement a new component of Rider “N” to recover the costs associated with the EEP V. The initial EET rate will be set to \$0.010827 per therm, including Sales and Use Tax for services rendered on or after July 1, 2021. As a result of the Stipulation, a typical residential heating customer using 100 therms during a winter month will experience an increase in their monthly bill of \$1.08, or 0.7%,<sup>14</sup> for the first year of the EEP V. The Board also **HEREBY AUTHORIZES** SJG to continue its previously approved gas CIP to account for lost revenue resulting from the potential decrease in customer energy usage.

The Board **HEREBY RATIFIES** the decisions made by Commissioner Chivukula during the pendency of this proceeding for the reasons stated in his decisions and Orders.

The Board **HEREBY ORDERS** the Company to file the appropriate revised tariff sheets conforming to the terms of this Order by July 1, 2021.

The Company’s costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

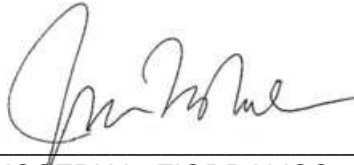
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<sup>14</sup> Corrected the bill impact from \$1.27 (or 0.9%) as originally filed to \$1.08 (or 0.7%) per the settlement agreement between the Parties.

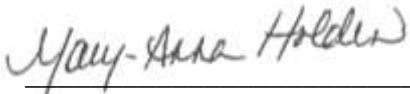
The effective date of this Order is April 17, 2021.

DATED: April 7, 2021

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BY:




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PRESIDENT



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COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER




UPENDRA J. CHIVUKULA  
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ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

IN THE MATTER OF THE IMPLEMENTATION OF L. 2018, C. 17 REGARDING THE  
ESTABLISHMENT OF ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION  
PROGRAMS

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL  
OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST RECOVERY  
PURSUANT TO THE CLEAN ENERGY ACT

DOCKET NOS. QO19010040 AND GO20090618

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April 1, 2021

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**Re: In the Matter of the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act  
BPU Docket Nos. QO19010040 & GO20090618**

Dear Secretary Camacho-Welch:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of South Jersey Gas Company, the Staff of the Board of Public Utilities, the Division of Rate Counsel and Energy Efficiency Alliance of New Jersey. It is respectfully requested that the Board consider the Stipulation at its next agenda meeting.

Should you have any questions, please do not hesitate to contact me.

Respectfully,

A handwritten signature in black ink that reads "Deborah M. Franco".

Deborah M. Franco

DMF:caj  
Enclosures

cc: See attached Service List (with enclosures)

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR  
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED  
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT  
BPU DOCKET NO. GO20090618**

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BPU DOCKET NO. GO20090618**

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APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED  
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BPU DOCKET NO. GO20090618**

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**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR  
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED  
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT  
BPU DOCKET NO. GO20090618**

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**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR  
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**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR  
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED  
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT  
BPU DOCKET NO. GO20090618**

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**STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR : STIPULATION OF SETTLEMENT  
APPROVAL OF NEW ENERGY :  
EFFICIENCY PROGRAMS AND : BPU DOCKET NOS. QO19010040  
ASSOCIATED COST RECOVERY : AND GO20090618  
PURSUANT TO THE CLEAN ENERGY :  
ACT :**

**APPEARANCES:**

**Deborah M. Franco, Esq.**, VP, Rates, Regulatory & Sustainability, SJI Utilities, Inc., for the Petitioner, South Jersey Gas Company

**Brian O. Lipman, Esq.**, Litigation Manager, **Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel, **Kurt S. Lewandowski, Esq.**, **Sarah H. Steindel, Esq.**, and **Maura Caroselli, Esq.**, Assistant Deputies Rate Counsel, New Jersey Division of Rate Counsel (**Stefanie Brand, Esq.**, Director)

**Terel Klein**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey)

**Nathan Howe, Esq.**, Counsel for Energy Efficiency Alliance of New Jersey

**TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

**BACKGROUND**

1. On January 13, 2008, L. 2007, c. 340 (“RGGI Act”) was signed into law based on the New Jersey Legislature’s findings that energy efficiency (“EE”) and conservation measures must be essential elements of the State’s energy future and that greater reliance on EE and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and EE industries are essential to maximize efficiencies.

2. Pursuant to Section 13 of the RGGI Act, codified as N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility (“Utility” or collectively “Utilities”) may provide and invest in EE

and conservation programs in its service territory on a regulated basis. Upon petition, such investment in EE and conservation programs may be eligible for rate treatment approval by the New Jersey Board of Public Utilities (“Board” or “BPU”), including a return on equity, or other incentives or rate mechanisms that decouple Utility revenue from sales of electricity and gas. Ratemaking treatment may include placing appropriate technology and program costs investments in the Utility’s rate base or recovering the Utility’s technology and program costs through another ratemaking methodology approved by the Board.

3. On May 23, 2018, the Clean Energy Act (“CEA”), L. 2018, c. 17, codified at N.J.S.A. 48:3-87.8 et seq., was signed into law. Sections 3(a) and (e)(1) of the CEA, codified at N.J.S.A. 48:3-87.9(a) and (e)(1), required New Jersey’s electric distribution companies to achieve annual reductions in their customers’ electricity usage of at least 2% of the average annual usage in the prior three (3) years and required New Jersey’s natural gas companies to achieve annual reductions in their customers’ gas usage of at least 0.75% of the average annual usage in the prior three (3) years. Such usage reductions are required to be achieved within five (5) years of the utility companies’ implementation of EE in accordance with the CEA. By Order dated June 10, 2020, the Board approved an EE transition framework for EE programs to be implemented pursuant to the CEA, including requirements for the Utilities to establish programs that reduce the use of electricity and natural gas within their territories.<sup>1</sup> In the June 2020 Order, the Board directed the Utilities to file three-year program petitions by September 25, 2020 for approval by the Board by May 1, 2021 and implementation beginning July 1, 2021.

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<sup>1</sup> In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO19060748, and QO17091004, Order dated June 10, 2020 (“June 2020 Order”).

**SJG EEP V FILING**

4. On September 25, 2020, South Jersey Gas Company (“SJG” or “Company”) filed the requisite petition with the Board (“Petition”), which the Company subsequently updated on October 19, 2020 in accordance with an Administrative Determination Letter. In the Petition, the Company proposed to spend approximately \$166.9 million (investment and expenses) on its EE Program (“EEP V” or “Program”) over a three (3) year period (July 1, 2021 through June 30, 2024). This amount included the allocations to and from the electric distribution companies within the Company’s service territory. The proposed programs and associated costs as originally proposed are summarized in the table below:

<b>Program</b>	<b>Proposed Budget (3 Year Program)</b>
Behavioral	\$3,086,809
Efficient Products	\$61,106,223
Existing Homes	\$30,300,077
Multi-Family	\$6,356,880
Direct Install	\$4,810,031
Energy Solutions For Business	\$18,687,634
Portfolio Costs	\$6,555,082
Energy Saving Trees	\$330,583
Pilots	\$6,611,648
EDCs In	(\$15,235,658)
EDCs Out	\$44,285,436
<b>Total</b>	<b>\$166,894,745</b>

5. In addition to approval of the plan to implement the EEP V, the Company requested approval of a cost recovery mechanism. Specifically, SJG requested authority to continue to recover the revenue requirement associated with the EEP V through the existing Energy Efficiency Tracker (“EET”) rate mechanism as set forth in Rider “N” of the Company’s Tariff. As previously approved, the proposed cost recovery mechanism consisted of two (2)

parts. One part of the EET allows the Company to earn a return on the investment and recover the amortization of the regulatory asset. The second part of the EET recovers incremental operations and maintenance (“O&M”) expenses associated with the EE programs. The Company proposed to continue to recover lost revenues from reduced natural gas sales associated with the EEP V through its current Conservation Incentive Program (“CIP”) mechanism.

6. The Company proposed a change to the EET rate effective July 1, 2021, coincident with the beginning of the effective date of the proposed EEP V. Additionally, consistent with the Company’s currently approved EE programs and EET cost recovery mechanism, SJG would continue to file with the Board, on an annual basis, a petition seeking to establish future EET rates and to adjust its EET rates to reflect over and under recoveries. SJG estimated that the initial annual bill impact for a typical residential heating customer using 100 therms during a winter month will be an increase of \$1.27, or 0.9%, effective on Board approval.

### **PROCEDURAL HISTORY**

7. The Company met with BPU staff (“Staff”) and the New Jersey Division of Rate Counsel (“Rate Counsel”) on August 19, 2020, at least 30 days in advance of submitting a filing, to provide an overview of the elements of the filing and cost recovery mechanism proposed pursuant to the Board’s May 2008 Order and June 2020 Order.<sup>2</sup>

8. By Order dated September 23, 2020, the Board determined that SJG’s Petition should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, designated Commissioner Chivukula as the presiding commissioner authorized to rule on all motions that

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<sup>2</sup> In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1, BPU Docket. No. EO08030164, Order dated May 12, 2008. (“May 2008 Order”).

arise during the pendency of the proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.<sup>3</sup> The September 23, 2020 Order also directed that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by October 2, 2020 and that entities file with the Board any responses to those motions by October 9, 2020.

9. On October 2, 2020, New Jersey Natural Gas Company (“NJNG”), Public Service Electric and Gas Company (“PSE&G”), and the Energy Efficiency Alliance of New Jersey (“EEANJ”) filed motions to intervene in this matter. Atlantic City Electric Company (“ACE”), the Building Performance Association (“BPA”), Google, LLC (“Google”), Jersey Central Power & Light Company (“JCP&L”), and Rockland Electric Company (“RECO”) each submitted motions to participate.

10. On October 6, 2020, SJG submitted a letter indicating that it had no opposition to the motions to participate filed by ACE, JCP&L, RECO, and Google or to the intervention of EEANJ. By way of a supplemental letter, SJG indicated that it did not oppose the participation of BPA. By letter dated October 16, 2020, the BPA withdrew its motion to participate. With respect to the motions to intervene filed by NJNG and PSE&G, SJG stated that, while the Company agreed that the EE programs to be implemented by each Utility would require considerable coordination and involve important cost sharing and investment allocation issues, this could be adequately addressed with participant status and ongoing dialogue among the Utilities. Accordingly, SJG requested that NJNG and PSE&G be granted participant status.<sup>4</sup>

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<sup>3</sup> In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040, Order dated September 23, 2020 (“September 23, 2020 Order”).

<sup>4</sup> SJG further stated that, should NJNG be granted intervener status, SJG should be granted intervener status in NJNG’s pending filing.

11. On October 16, 2020, Staff notified the Company that its Petition was not administratively complete. On October 19, 2020, the Company filed an updated Petition, addressing the items indicated in Staff's letter. On October 22, 2020, Staff notified the Company that the October 19, 2020 filing was deemed administratively complete. Accordingly, pursuant to the Board's May 2008 Order, the 180-day review period commenced on October 19, 2020.

12. On November 2, 2020, Commissioner Chivukula issued a Prehearing Order Setting the Procedural Schedule and Ruling on Motions to Participate and Intervene. The motion for intervention of EEANJ was granted. The motions for intervention of PSE&G and NJNG were denied, but, in the alternative, PSE&G and NJNG were granted participant status. The motions to participate filed on behalf of ACE, JCP&L, RECO, and Google were granted.

13. Notice of the Company's Petition, including the date, time, and place of public hearings, was placed in newspapers having a circulation within the Company's service territory and was served on the Clerks of the municipalities, the Clerks of the Board of County Commissioners, and the County Executives within the Company's service territory. As a result of the COVID-19 pandemic, to comply with social distancing mandates issued by the Governor, and based upon further guidance from Staff, the public hearings were conducted telephonically in lieu of in-person hearings.

14. In accordance with that notice, telephonic public hearings on the Company's Petition were held at 4:30 p.m. and 5:30 p.m. on January 19, 2021. No members of the public participated at either hearing. The Board's Secretary received one (1) written comment in support of the Company's Petition. No written comments were received by SJG or Rate Counsel.

15. SJG has received and responded to all discovery requests that have been propounded in this proceeding by Rate Counsel, EEANJ, and Staff.

16. Based upon further discussions, SJG, Rate Counsel, Staff, and EEANJ (collectively, the “Parties”) have reached an agreement to enter into this stipulation of settlement (“Stipulation”) finalizing the EEP V and resolving all issues raised in or related to the Petition.

17. Specifically, based upon and subject to the terms and conditions set forth herein, the Parties STIPULATE AND AGREE as follows:

**STIPULATED MATTERS**

18. The Company withdraws its request to include as part of its Program the Energy Savings Trees and the following pilots: Residential Demand Response, C&I Demand Response, and Innovative and Synergistic Solutions.

19. The Parties agree that, subject to the final consensus of the EE Working Groups as outlined in paragraph 39, the Company may offer the following approved programs/sub-programs for a term of three (3) years commencing July 1, 2021 and ending June 30, 2024:

- Behavioral
- Efficient Products
- Existing Homes
  - Quick Home Energy Check Up (“QHEC”)
  - Moderate Income Weatherization
  - Home Performance with Energy Star (“HPwES”)
- Multi-family
- Direct Install
- Energy Solutions for Business
  - Prescriptive and Custom Measures
  - Energy Management
  - Engineered Solutions

20. The Company shall make an effort to maximize participation in the Energy Solutions for Business: Engineered Solutions program, with a particular focus on governmental entities such as public schools and municipalities, provided that the Company retains the flexibility to use the funds allocated to the program as practicable to maximize EE savings.

21. The Parties agree that the EEP V budget shall not exceed the grand total set forth in the table below.

<b>PROGRAM</b>	<b>DIRECT INVESTMENT</b>	<b>LOAN INVESTMENT</b>	<b>O&amp;M</b>	<b>TOTAL PROGRAM</b>
BEHAVIORAL	\$2,812,500		\$239,063	\$3,051,563
ENERGY EFFICIENCY PRODUCTS	\$19,798,460	\$36,469,608	\$4,203,134	\$60,471,203
EXISTING HOMES	\$20,487,084	\$6,314,000	\$3,238,452	\$30,039,536
MULTIFAMILY	\$4,169,299	\$1,470,650	\$663,838	\$6,303,786
DIRECT INSTALL	\$3,330,040	\$914,926	\$523,336	\$4,768,302
ENERGY SOLUTIONS FOR BUSINESS	\$3,644,342	\$1,876,467	\$596,142	\$6,116,950
PORTFOLIO COSTS	\$2,904,682		\$2,090,000	\$4,994,682
TOTAL SJG EXPENDITURES	\$57,146,407	\$47,045,651	\$11,553,965	\$115,746,022
EDCs IN	(\$8,128,277)	(\$235,641)		(\$8,363,918)
EDCs OUT	\$25,741,166	\$143,218		\$25,884,384
NET TRANSFERS TO/FROM EDCS	\$17,612,889	(\$92,423)		\$17,520,466
GRAND TOTAL	\$74,759,295	\$46,953,228	\$11,553,965	\$133,266,488

22. The recoverable O&M expenses for the EEP V, including Administration and Program Development, Marketing, Workforce Development, Internal IT Expense, Inspections and Quality Control, and Evaluation, shall not exceed \$11.55 million. To facilitate the startup of the EEP V, the Company may incur costs upon the effective date of the Board Order, which shall be reviewed for prudence in the Company's subsequent EET True-Up filing.

23. Based on market response, the Company may shift the timing of investment spending between Program Years (July 1 – June 30) in any sub-program as necessary to provide flexibility in responding to market conditions and customer demand and to ensure the



achievement of Program targets during the term of the Program, in accordance with the procedure outlined in the June 2020 Order.

24. During implementation, certain sub-programs may be more successful in the near term and require additional budget in order to respond to the market need and to continue operations. Accordingly, the Company shall establish a process enabling it to make adjustments to sub-program budgets in response to real market conditions experienced. The process, in accordance with the June 2020 Order, shall be as follows:

- a. SJG may shift its sub-program budgets out of an individual sub-program within the Residential sector or within the C&I sector, up to 25% of the individual sub-program's total budget with Staff notification (which should be provided within 30 days following the change), above 25% up to 50% with Staff approval, and over 50% with Board approval.
- b. SJG may shift budgets out of the Residential sector or the C&I sector up to 5% of individual utility sector budgets with Staff notification (which should be provided within 30 days following the change), above 5% up to 10% with Staff approval, and over 10% with Board approval. Such budgets may be added to any sub-program(s) within the sector to which it is being transferred without limitation when the budget shift does not exceed 5%.
- c. All requests for budget adjustments shall be submitted to Staff and Rate Counsel. Staff retains the right to reject shifts requiring Staff notification. Requests for budget adjustments within the three-year Program filing necessitating Staff approval shall be submitted to Staff and Rate Counsel with a written description of and rationale for the proposed transfers, and shall be responded to within 30

days. Rate Counsel may object within 30 days, which will trigger Staff review within 30 days of Rate Counsel's objection. If there is no response from Rate Counsel or Staff within 30 days of SJG's request, those requests will be deemed granted.

25. Customer information shall be used by the Company to deliver an effective customer experience in compliance with any applicable BPU regulations and statutory obligations. The Company shall adopt privacy and data handling policies and procedures for the EEP V that are consistent with SJG's customer data security protections, the June 2020 Order, and any applicable BPU regulations and statutory obligations. In the event of any breach of the above confidentiality by an affiliate, SJG shall remediate such breach to the full extent required by law. In the event of any breach of confidentiality by a vendor hired to deliver the EEP V or to evaluate the sub-programs, the Company commits to enforcing the contractual confidentiality requirement to the extent allowed by the law. Any "breach of security" with respect to customers' "personal information," as those terms are defined in N.J.S.A. 56:8-161, shall be treated in accordance with the New Jersey Identity Theft Prevention Act, N.J.S.A. 56:8-161 et seq., and Section 3b of the BPU's Cybersecurity Order of March 18, 2016 in Docket No. AO16030196.

26. SJG agrees that customer-specific data belongs to the customer, who may request or authorize SJG to share it with suppliers, and that data gathered during the operation of these sub-programs not specific to any particular customer belongs to the Company and shall be used solely to support current or future regulated utility programs. Such data may not be used for other purposes without Board approval. Any financial benefits derived from the data shall be

used to offset the costs of the Program. The Company shall also submit non-customer-specific data to the Board in compliance with reporting requirements, as established by the Board.

27. The Parties agree that the design for all Programs and sub-programs shall be as described in Attachment A, The EEP V Program Plan Descriptions, subject to modification consistent with the June 2020 Order and in cooperation with the BPU's Utility Working Group and the Working Groups as further addressed in Paragraph 39. The Company commits to complying with all Board Orders regarding the programs and program details it is required to offer.

28. The Company shall continue to coordinate regarding transition of programs (including program delivery, program data, and marketing) with the current NJCEP program administrator and other utilities with whom the Company has overlapping service territories. To the extent that the utilities jointly decide to implement programs differently than currently envisioned, the Company commits to implement, as permissible under law, consistent elements of the core programs concurrently with all electric and gas utilities in the state. This consistency shall include the following elements:

- a. Common forms for use by customers and contractors;
- b. Contractor requirements, open and competitive procurement protocols where feasible, and training; procurement protocols should include policies and practices (e.g., scoring systems) developed in collaboration with the Equity Working Group and Workforce Development Working Group that encourage supplier diversity (including contractors and subcontractors) and contractor coaching/mentoring of diverse business enterprises;

- c. Customer and property eligibility requirements and processes, including alternative/automatic eligibility methods for low- to moderate-income customers (e.g., based on census tracts, environmental justice communities, Urban Enterprise Zones, etc.);
- d. Eligible measures;
- e. Incentive ranges;
- f. Incentive payment processes and timeframes;
- g. Customer and contractor engagement platforms;
- h. Data platforms and database sharing among program administrators, where appropriate; and
- i. Quality control standards and remediation policies.

29. The Company shall recover EEP V costs through a separate component of the EET cost recovery mechanism, which shall operate as previously approved by the Board in BPU Docket Nos. GO09010059, GO12050363, GR15010090, and GO18030350, except as otherwise provided herein. The Company is and shall be authorized to defer and seek recovery of all reasonable and prudent EEP V program costs, including grant costs, customer incentives, and associated reasonable and prudent O&M expenses as limited in Paragraph 22 above. These costs shall be subject to recovery through rates in future periods pursuant to the terms of SJG's EET, Rider "N" of the Company's Tariff. The EEP V costs shall be subject to the terms set forth in Rider "N" and shall be recovered through a per-therm EE charge relative to all applicable service classes listed on Rider "N." Proposed Tariff sheets are provided as Attachment B hereto.

30. The calculation of the carrying costs on the average monthly balances of under-recovery or over-recovery of deferred costs shall be subject to the terms under Rider "N" (see

Attachment B to the Stipulation). Interest associated with over recoveries shall be credited against the EET, while interest associated with under recoveries shall be charged to the EET. The Company shall accrue interest on under- and over-recovery balances at a rate equal to the Company's monthly average short-term debt rate obtained on its commercial paper and/or bank credit lines. In the event that commercial paper was not utilized by the Company in the preceding month, the last calculated rate shall be used. The interest on monthly EET under and over recoveries shall be determined by applying the interest rate based on the Company's average interest rate for the corresponding month obtained on its commercial paper and bank credit lines, but shall not exceed the Company's weighted average cost of capital utilized to set rates in its most recent base rate case, as set forth in Paragraph 33, or as authorized in SJG's subsequent base rate cases.<sup>5</sup>

31. SJG agrees that EEP V direct program investments shall be amortized over a 10 year period, on a straight-line basis, with the return of the investment and return on the unamortized investments based upon a rate of 6.900% as shown in the capital structure below.

	Percent	Embedded Cost	Weighted Cost
Long-Term Debt	46.00%	3.731%	1.716%
Common Equity	54.00%	9.60%	5.184%
Total	100.00%		6.900%

In computing the return on investment component of its costs, SJG shall, in addition to a reduction for the accumulated amortization of its direct investments, deduct the applicable deferred income taxes related to the accumulated amortization.

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<sup>5</sup> In re the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for gas Service, Changes to Depreciation Rates and other Tariff Revisions, BPU Docket No. GR20030243 and OAL Docket No. PUC 04830-20, Order dated September 23, 2020.

32. As currently structured, the customer repayment periods for the EEP V On-Bill Repayment Plan (“OBRP”) offers shall be five (5), seven (7), and ten (10) years, depending on the program/sub-program and total OBRP funds made available. In computing the return on investment component of its costs, SJG shall reduce its cumulative OBRP investments with the associated cumulative customer repayments of the OBRP investments.

33. The Parties agree that any change in the Weighted Average Cost of Capital authorized by the Board in a subsequent base rate case shall be reflected in the subsequent monthly revenue requirement calculations as of the date of the next scheduled annual true-up.

34. EEP V investments and operating costs shall be reconciled to actual recoveries from the EET rate in the EET True-Up filings to be submitted in June of each year. Any federal or state benefits/grants, if applicable, received by the Company and associated with these programs shall be used to reduce the revenue requirement to be collected from ratepayers.

35. The Company shall include in its annual EET True-Up filings the Minimum Filing Requirements (“MFRs”) set forth in the June 2020 Order and Attachment C.

36. The Company shall also provide the following information on a quarterly/annual basis as required after consideration and recommendation of the Evaluation, Measurement, and Verification (“EM&V”) Working Group. This information may include:

- a. Estimated free ridership and spillover with any cost-benefit analysis required;
- b. Participant costs (net of utility incentives), including a breakdown by sub-program with any cost-benefit analysis required; and
- c. Results of program evaluations, including a breakdown by sub-program when required by the June 2020 Order.

37. The Company shall provide in all future EET True-Up filings the Rate Base/ROR/Expense presentation that is set forth in Attachment D and reflects the settlement revenue requirement.

38. The Parties shall revisit the specific EEP V incentive levels agreed to herein before the conclusion of the first triennial period in time to support consideration of revised Program incentive levels in the next triennial.

39. The Parties recognize that the EE Working Groups referenced in the June 2020 Order have not yet completed their work as of the time of this Stipulation. The Parties recognize that these EE Working Groups will be addressing many long-term issues that will impact planning for future triennial periods. However, the Parties recognize that the EE Working Groups may issue recommendations for the current triennial period that are inconsistent with any programs and/or sub-programs set forth in Attachment A and/or have the potential to increase or decrease the level of investment beyond the amount agreed to herein. To the extent that any particular aspect of this Stipulation concerning establishment of core sub-programs and coordinated elements (such as incentives, marketplace, marketing, workforce development, and contractor procurement), or sub-program structure in overlapping territories are not consistent with the final consensus reached by the EE Working Groups and approved by the Board with regard to the current triennial, the Parties agree that they shall meet to address any inconsistencies and define a path for resolution of these items.

40. The Parties recognize that, while the Board established the New Jersey Cost Test (“NJCT”) on an interim basis through the August 24, 2020 Board Order, the Parties are not in agreement regarding the inputs and calculations used to implement the NJCT.<sup>6</sup> Further, the NJ Cost Test Order already noted that the interim NJCT may not include the full range of possible benefits and costs and committed to further review of the NJCT with the guidance of the EM&V Working Group. All parties agree that further deliberation of both the underlying elements

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<sup>6</sup> In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs AND In re the Clean Energy Act of 2018 – New Jersey Cost Test, BPU Docket Nos. QO19010040 and QO020060389, Order dated August 24, 2020, (“NJ Cost Test Order”).

included within the NJCT and the proper approach to calculating those elements is critical to accurately evaluating the cost effectiveness of EE program offerings for future triennials. To support that effort, the Parties agree, through the EM&V Working Group, to work through these issues regarding the NJCT in support of establishing a consistent and transparent approach to implementing this test.

41. The Parties agree that recoverable non-weather CIP amounts shall not exceed 4.0% of the aggregate variable margin revenues under the Variable Margin Revenue test in the first year of the EEP V, specifically the deferral period commencing July 1, 2021 and ending June 30, 2022.

42. No later than January 31, 2022, SJG shall hold at least one (1) non-confidential collaborative meeting with interested parties to receive input on additional “non-core” program design. The non-core programs subject to discussion in the collaborative include, but are not limited to, demand response, non-pipes alternatives, building electrification, and other programs that further the clean energy goals of the State of New Jersey.

43. SJG shall continue to submit data regarding all of the EEP V programs and related expenses in accordance with the content, format, and timing dictated by both the June 2020 Order and subsequent directives from either the Board, based on recommendations from the Statewide Evaluator procured by the Board or the EM&V Working Group.

44. This Stipulation fully disposes of all issues in controversy in this proceeding, is consistent with law, and is in the public interest. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event that any provision of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed



with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event that the Board, in any applicable order, does not adopt this Stipulation in its entirety, then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

45. This Stipulation shall be binding on the Parties for all purposes herein.

46. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates are subject to audit by the Board. The Parties further acknowledge that a Board Order approving, rejecting, or modifying this Stipulation shall become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

47. **WHEREFORE**, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible in order to ensure the commencement of these programs and the implementation of the EEP V and associated cost recovery mechanism effective July 1, 2021.

**SOUTH JERSEY GAS COMPANY  
PETITIONER**



By: \_\_\_\_\_

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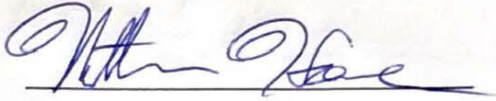
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Date: March 31, 2021

March 16, 2021

# South Jersey Gas Company

Energy Efficiency Program Descriptions  
July 2021 – June 2024

Prepared by:  
**South Jersey Gas Company**



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# 1. PROGRAM DESCRIPTIONS

SJG will administer the following programs to engage customers and encourage the pursuit of energy efficient solutions from single transactions to comprehensive upgrades. SJG will strive to provide customized guidance wherever possible and provide supporting resources to make energy-efficient retrofits more accessible for all customers.

The subprogram descriptions begin with core programs for residential, commercial, industrial, and multifamily. Then, the SJG led initiatives are outlined.

## 1.1. Residential Core Subprograms

**Efficient Products:** This program provides incentives for Efficient Products, including retail products, appliance rebates, HVAC equipment, and appliance recycling.

**Existing Homes: Home Performance with ENERGY STAR:** This sub-program provides incentives to encourage customers to pursue comprehensive upgrades to their home.

### 1.1.1. Efficient Products

This program will promote the installation of ENERGY STAR and other high-efficiency electric and natural gas equipment by residential customers by offering a broad range of energy efficient equipment and appliances through a variety of channels, including an online marketplace, downstream rebates to customers (including but not limited to in-store or online), up-front rebates, reduced point of sale costs, a midstream or upstream component and a network of trade allies and in collaboration with local foodbank and non-profit organizations serving customers in need. The program will provide incentives for energy efficient lighting, appliances, electronics, and heating and cooling equipment, as well as other energy efficiency products (e.g. smart thermostats, water saving measures, weatherization items, and prepackaged kits). Measures range in type and price, but include both electric and natural gas technologies that improve energy efficiency in the home. The program may include customer opportunities at no up-front cost to engage and introduce customers to energy savings opportunities and achieve energy savings. Up-front rebates will also be offered to reduce initial costs on some purchases, and on-bill repayment or access to financing with similar terms will be available to further reduce first cost barriers for select products. The program is designed to provide easy and cost-effective access to energy efficient measures through customers' preferred channels and also provide a means to encourage customers to take the first steps toward energy-efficiency.

The program is designed to:

- Provide incentives for products that reduce energy use in the home and information about other programs that encourage the installation of high efficiency equipment, such as lighting, HVAC units, other heating and cooling equipment, electronics and appliances.

- Provide midstream incentives to retailers and/or distributors to increase sales of ENERGY STAR or other energy efficient products.
- Continue to support and/or provide downstream approaches for certain measures to ensure market is properly supported.
- Provide a marketing mechanism for retailer and high efficiency product suppliers to promote energy efficient equipment and products to end users.
- Ensure the participation process is clear, easy to understand and simple for the customer and contractor.
- Provide online or other channels for customers that include but are not limited to online and in-store eligibility options to acquire select ENERGY STAR products, as well as low and moderately priced energy-saving products.
- Recognize unique barriers that low- and moderate-income customers face and employ strategies to address those barriers, including no cost measures and/or enhanced incentives where appropriate.
- Utilize energy efficiency kits to introduce and promote energy efficiency technologies that can be easily installed in the home. The kits will serve as a gateway to other programs by including energy efficiency and conservation educational materials and promotional materials for other program opportunities, including the utility, Comfort Partners and NJCEP programs.
- Provide energy efficiency kits to local foodbank and non-profit organizations and at energy assistance outreach events to reach low- to moderate-income customers, with schools to promote energy efficiency education in classrooms, to new movers, customers upon request, and within utility marketplaces to support customer engagement.

This program will increase adoption of energy efficient equipment and products by harnessing the unique utility customer relationship to positively impact the entire sales process surrounding efficient equipment, from education and awareness of customers, engagement with trade ally contractors and equipment distributors and retailers, to on-bill repayment or access to financing with similar terms for select products.

The utilities will use their brand and customer outreach infrastructure to increase the availability, awareness, and customer uptake of energy efficient products. On-bill repayments or access to financing with similar terms will be available to customers to cover the remaining cost (after applying the rebate discount) for the balance of the efficient product cost for select products and services.

Utility staff and/or a third-party implementation contractor(s) will be selected to assist with the administration, oversight, and delivery of the program. Activities will include in the launch of a statewide online marketplace with utility-specific interfaces, efforts to raise awareness of the program, on-going refinements to the list of eligible measures, validating customer eligibility and processing incentives and conducting outreach to and securing partnerships with retailers, wholesalers, distributors, manufacturers and trade allies to assure all customers are able to easily purchase energy efficient products and equipment through the program. Customer engagement and sales channels may include:



- **Post Purchase (Downstream) Rebates:** Rebates will be made available to customers after they have made their purchase. Applications may be available online or in stores to submit either electronically or in hard copy with proof-of-purchase.
- **Online Marketplace:** This online marketplace is an easy to use source for the online purchase of efficient products and services. Participants will be able to browse energy efficient equipment and appliances and purchase through the marketplace which will offer instant rebates and may offer the option for on-bill repayments or access to financing with similar terms for select products.
- **Point of Sale Rebates:** Prescriptive rebates will be made available at the point of sale for selected products. The utilities will also explore the viability of using a digital, smartphone-based application platform, to enable customers to purchase efficient equipment at traditional consumer retail outlets and instantly redeem rebates at point-of-sale in both physical stores and online. Allowing easy access to rebates encourages customers to purchase qualifying efficient products.
- **Appliance Recycling:** Rebates will be provided to customers for recycling qualifying, inefficient, operating appliances. Offering an incentive for the drop off or pick-up and removal of an appliance prevents the appliance from being maintained as a second unit or transferred to another customer.
- **Midstream or Upstream Rebates:** The utilities will pursue a midstream or upstream rebate component to encourage purchase of certain efficient equipment. The utilities will work with retail partners (such as Home Depot, Lowes, etc.), distributors or manufacturers to assure that measures are available throughout the state. Midstream or upstream rebates encourage market transformation and wider availability of efficient equipment. Efficient products that are rebated via a midstream or upstream approach may be passed on or discounted to the customer at the retail level. Utilities may also offer downstream rebate programs to ensure customers and trade allies are properly supported.
- **Trade Allies:** The utilities will establish a network of trade allies to promote certain components of the program with a consistent experience to the customer where applicable. The trade ally network will consist of qualified installation contractors, plumbers, electricians, and other trade service professionals who meet all applicable statewide requirements for performing the respective service (e.g. HVAC license, insurance requirements). Trade allies will be able to leverage the program and offer customers rebates through their normal course of business.
- **Community Partners:** The utilities will partner with foodbanks and other community organizations serving customers in need to help reduce the energy burden of those customers with no-cost energy efficient products and to raise the awareness of other energy efficiency and energy assistance programs available to help.

By developing relationships with both program and trade allies, the program will develop a broad reach across the marketplace, and also solicit feedback from the marketplace to ensure incentives and measures are impacting the market as designed. Targeted program and trade allies may include:

- Efficient equipment retailers, distributors and manufacturers

- HVAC & appliance contractors
- General contractors, plumbers, electricians, and other trade service professionals

Regardless of the delivery mechanism, the utilities will take steps to ensure customers are made aware of utility engagement in helping to off-set up-front costs of the efficient products.

#### **Target Market or Segment (MFR II.a.ii)**

The target market for this program will be all electric and/or natural gas customers served by at least one investor-owned utility in New Jersey. The program is focused on promoting the sale and installation of efficient electric and natural gas equipment across all major residential end-use categories, and can be easily promoted to program allies, trade allies and customers via straightforward prescriptive rebates. Technologies incentivized through this program include lighting, HVAC, other heating/cooling equipment, electronics, appliances, smart thermostats, water saving measures, weatherization items, pre-packaged kits, and other efficient products. The program will also promote the retirement, recycling, and replacement of old refrigerators, freezers, and other inefficient appliances.

The utilities may offer enhanced incentives for Low-to-Moderate income (LMI) customers (up to 400% of federal poverty level) for certain products to assure that the program reaches all customer types. Eligibility for these enhanced incentives can be determined based on screening an individual customer however the utilities will also explore implementing automatic eligibility for enhanced incentives based upon a physical location (e.g. census tract, environmental justice community, Urban Enterprise Zone) to encourage more activity in LMI communities.

#### **Marketing Plan (MFR II.a.xiv)**

The utilities will implement both multi-pronged direct and indirect marketing campaigns to promote this program. Customers will be exposed to broad-based energy efficiency awareness campaigns, web-based engagement and information, digital advertising, social media and hard-copy materials to promote awareness, as well as tie-ins with other programs. Retailers, wholesalers, distributors, manufacturers and trade allies will be contacted directly and through trade associations to develop networks and promote involvement in the program where applicable. The utilities will also look to leverage the behavior program for ‘warm leads’ into the program through both the home energy reports and online audit tool. In addition, the kits provided through this Program will include pamphlets and literature recommending customers visit utilities online portals and marketplace, further increasing engagement.

Targeting and promotion within this program will be enabled through intelligence gained through other residential programs or offerings, primarily Behavioral Home Energy Reports, Existing Homes, and other activity in the Efficient Products program. The utilities will explore opportunities to provide customized information to customers with prioritized action items, to maximize availability and uptake.

A combination of strategies will be used to train and support retailers, distributors and other program allies, including media advertising, outreach community forums, events, and direct outreach to customers. Marketing activities may include:

- Point of purchase displays and materials, joint advertising, coupons, and special “instant sales events”
- Public relations materials
- Brochures that describe the benefits and features of the program including application forms and processes. The brochures will be available for various public awareness events (community events, presentations, seminars etc.)
- Bill inserts, bill messages, email, Facebook, Twitter and other social media platforms, pop-up stores.
- Company website content providing program information resources, contact information, online application forms, online retail store and links to other relevant service and information resources
- Customer representatives trained to promote the program to their customers
- Presence at conferences and public events used to increase general awareness of the program and distribute program promotional materials

The primary market barriers that impact this program include:

- **Initial Cost of Efficient Equipment:** Relative to the market baseline, efficient equipment often carries a higher upfront cost but a lower lifetime operating cost. Customers often may not fully value the lifetime operating cost advantage of efficient equipment and, as a result, higher upfront cost is a barrier to purchasing efficient equipment. To address this barrier, incentives are provided to the customer to reduce the initial cost. On-bill repayment or access to financing with similar terms will also help mitigate the up-front cost barrier.
- **Customer Awareness and Engagement:** Residential customers may not be aware of the benefits of installing efficient equipment and/or lack the time and resources to pursue efficient equipment when replacing existing equipment. To address this barrier, the utilities will educate customers on the benefits of installing efficient equipment through targeted marketing, ensure that incentives are easily accessible, and encourage market transformation and stocking of efficient equipment through midstream incentives. Through outreach efforts, the utilities will seek to partner with retail and wholesale entities to promote program offerings, and also focus marketing, education, and outreach efforts on the trade ally community to ensure that trade allies are aware of available incentives and prepared to serve customers. To increase awareness among customers with English as a second language, utilities may develop and provide outreach materials in Spanish. The utilities intend to be active participants in both the Equity or Marketing Working groups and expect to address the need and cost for developing materials in a broader range of languages as part of those discussions.
- **Landlord/Tenant Arrangements:** Split incentives between landlord/tenants with respect to who pays for energy use vs. who owns the energy-using equipment challenge investment decisions. To address this barrier, the program will be marketed to both landlords and tenants to assure that those exposed to energy costs are able to participate in the program.

- **Sufficient Stocking and Availability of Efficient Products:** The utilities will look for opportunities to develop and promote a midstream component for specific equipment to encourage high levels of participation via incenting midstream market actors and/or directly discounting the cost of the efficient equipment at the point of sale.

The utilities will seek to manage all barriers to program success through a commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. The utilities established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis. To the extent possible, the utilities will cross-promote programs to spread awareness of the range of efficiency opportunities proposed in this plan.

**Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

The utilities and/or third-party implementation contractors will be responsible for identifying and engaging retail and wholesale entities dealing in energy efficient equipment to on-board them with the program vision, eligible efficient products, rebates, and ways to participate. Additionally, the utility and/or third-party implementation contractors will engage trade allies, including local HVAC, electrical, plumbing, and other contractors to educate them on program benefits and build a trade ally network which will reliably install energy efficient equipment for participating customers. The utility and/or third-party implementation contractors will also monitor participation to assess the effectiveness of outreach efforts, incentive levels, delivery methods, and both program ally and trade ally availability to provide suggestions to assure that the program is continually providing customers with their needs. The utility and/or a third-party implementation contractor will be responsible for the management of the online marketplace. The utilities will oversee the build-out of the online marketplace as well as the retail and Trade Ally network, which may be administered by third-party implementation contractors. The utility and/or third-party implementation contractors will also process the online instant rebates, verify eligibility of customers and manage the delivery of items purchased on the website.

To select qualified third-party implementation contractors, the utilities will prioritize criteria including but not limited to:

- Experience delivering similar programs or initiatives
- Resources and marketing strength
- Cost
- The amount of business placed with minority, women, veteran and service-disabled veteran owned businesses (“MWVBEs”).
- By allowing participants to select a trade ally they are comfortable with for select products, the program reduces barriers to entry related to knowledge of energy efficiency, confidence in assessments, and measure installation. The utilities will perform customer satisfaction and other quality assurance and quality control activities to monitor, ensure program and verify quality standards are met.

**Existing and Proposed Incentives Ranges (MFR II.a.iii) (MFR II.a.iv)**

The utilities propose to provide a range of incentives depending on the measure type, subject to changes based upon customer response and marketplace changes over the plan period. Incentives will vary depending on the specific product, the incremental cost of the high-efficiency technology, and the product maturity in the marketplace. Refer to Appendix B for the Summary of Proposed Incentive Ranges for this program.

Incentives will be available in several ways and are adapted to the retail partner needs and market response. Strategies may include:

- Mail-in applications available from the retailer and the program website or directly from contractors
- Online rebate forms
- Point of Sale or In-store “Instant Reward” coupons that are redeemed in-store at the time of purchase.
- Special sale events in retail stores
- Manufacturer buy down to Retailer
- Midstream or Upstream incentives to retailers, distributors or manufacturers to encourage them to stock and promote efficient products or to provide product incentives at time of purchase
- Partnerships with community groups, schools, and/or non-profit organizations

Incentives may change based on market prices, as well as manufacturer and distributor co-funding. Other incentive alternatives may be used as the market evolves and new and innovative customer, program ally and trade ally engagement opportunities become apparent.

In instances where incentives are not immediate, the utilities will complete consumer or contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements such as necessary field inspections (if required).

**Customer Financing Options (MFR II.a.vi)**

Refer to Appendix C for the Summary of Proposed Financing for this program.

**Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG residential customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data. Customers can also access historic usage data through the SJG home energy report portal usage using the Green Button option.

**Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this program. All values are annual incremental totals, and do not incorporate savings achieved in prior years.

Participation estimates are calculated as the sum of forecasted measure-level participation units, and each unit of participation is based on a measure-specific forecasted savings unit of measure. Savings estimates are based on projected participation during each year of the forecast period.

Table 1. Efficient Products Estimated Participation and Savings

Metric	PY1	PY2	PY3
Estimated Participants <sup>1</sup>	25,817	28,547	40,456
Projected Net Annual Natural Gas Savings (therms)	1,061,256	1,150,471	1,619,822
Projected Net Lifetime Natural Gas Savings (therms)	11,897,386	12,593,402	16,915,445
Projected Net Lifetime Natural Gas Savings from Qualifying Low-Income Customers (therms)	0	0	0
Projected Net Annual Electric Savings (kWh)	968,521	1,075,211	1,608,056
Projected Net Lifetime Electric Savings (kWh)	7,331,899	8,135,474	12,146,095
Projected Net Lifetime Electric Savings from Qualifying Low-Income Customers (kWh)	0	0	0
Projected Net Annual Peak Demand Savings (kW)	0	0	0
Projected Net Lifetime Peak Demand Savings (kW)	2	2	2

For customers in areas where gas and electric service territories overlap, the utilities will use the Statewide Coordinator to allocate costs and energy savings for shared measures. Refer to Section 6 for a description of the role of the Statewide Coordinator.

### **Program Budget (MFR II a.xi) (MFR II.a.xii)**

The following table provides the subprogram budget broken down by the following categories: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

Table 2. Efficient Products Estimated Program Expenditures by Cost Category and Year

Cost Category	PY1	PY2	PY3
Capital Cost	0	0	0
Utility Administration	452,039	450,502	567,769
Marketing	212,522	219,083	285,631
Outside Services	1,286,630	1,278,064	1,605,266

<sup>1</sup> Due to the nature of the Products Programs, this will be reflected as the total number of units.



Incentives-rebates and other	4,537,569	4,765,869	6,325,063
Incentives-financing	11,396,753	11,396,753	13,676,103
Inspections and Quality Control	69,171	59,733	63,251
Evaluation	557,701	565,692	700,041
Total	18,512,385	18,735,695	23,223,123

### 1.1.2. Existing Homes: Home Performance with ENERGY STAR

Home Performance with ENERGY STAR (“HPwES”) will provide a holistic approach for customers to explore and invest in the efficiency and comfort of their homes. All participants in this subprogram must have an initial energy audit performed directly by a qualified HPwES contractor or auditor. That audit will develop an energy efficiency action-plan that includes recommendations for upgrades and available incentives. To ensure the upgrades are accessible to customers, there will be financing available through either an On-Bill Repayment Program or access to financing with similar terms.

This subprogram is designed to review the entire status of a home, including equipment and envelope to achieve deeper energy savings. The program will follow guidelines and qualifying criteria associated with the U.S. Environmental Protection Agency HPwES (HPwES) program subject to as-needed enhancements to maximize participation and cost-effective energy savings opportunities. The utilities will also seek to increase the number of contractors certified to offer customers the U.S. Department of Energy Home Energy Score (“HES”) to help customers understand how HPwES improvements can improve the efficiency and comfort of their home.

#### **Target Market or Segment (MFR II.a.ii)**

HPwES will be available to all single-family and single-family attached (1 to 4 unit properties) electric and/or natural gas customers served by at least one of the investor owned utilities in New Jersey.

As noted, all customers will start with a comprehensive energy audit or through upgrading from a QHEC. Potential measures incentivized through this program include but are not limited to insulation, air sealing, smart thermostats, and HVAC. All HPwES projects must include air sealing and insulation.

#### **Marketing Plan (MFR II.a.xiv)**

The utilities will utilize many marketing avenues to assure subprogram awareness and participation is maximized. These include traditional marketing avenues, such as web-based engagement and information, digital advertising, media advertising, and hard-copy materials to promote awareness among trade allies and customers. The utilities will also cross promote this subprogram to participants in other energy efficiency program offerings. Information garnered

from other programs, such as the Residential Behavioral and Residential Efficient Products could also be used to identify prime candidates for participation in this HPwES subprogram. For example, a review of usage data contained in Home Energy Reports from the Residential Behavioral Subprogram could allow the utilities to identify customers who are particularly susceptible to changes in weather and would be ideal candidates for an audit. Likewise, the Residential Efficient Products program could provide leads to customers interested in energy efficiency. Most importantly, the QHEC subprogram was specifically designed to educate, engage and provide immediate energy savings to customers and identify strong leads for candidates that would benefit from participating in this HPwES program.

The primary market barriers that impact this subprogram include:

- **Initial Cost of Comprehensive Home Retrofits:** Home retrofits are more expensive and involved than purchasing efficient equipment and therefore, require more participant investment and commitment. Customers must be willing and able to invest in more expensive energy efficiency projects. The utilities address this barrier by offering incentives and On-Bill Repayment Programs or access to financing with similar terms.
- **Traditional Credit Screening:** Many customers interested in pursuing comprehensive projects may not be able to pass traditional credit screening (e.g. requirements for debt to equity ratio) despite having a proven track record for paying their utility bills on time. The utilities will explore solutions to help more customers access this incentive through either an OBRP approach or access to financing with similar terms that relies on a review of utility payment history and bankruptcy check to ensure customers who have a proven track record have the opportunity to participate or through innovative approaches.
- **Customer Awareness and Engagement:** Many customers are unaware of the “whole house” approach to energy efficiency or the fact that building science exists. The utilities will work to address this by:
  - continuing to educate customers about the HPwES subprogram and how both the structure and equipment work together
  - highlighting the extra training that participating contractors must have
  - identifying how the shell measure improvements can improve their comfort within the home
  - noting that an audit includes health and safety testing
  - reinforcing that the investments in equipment and shell measures may increase the value of their home.

To increase awareness among customers with English as a second language, SJG will develop and provide outreach materials in Spanish. SJG intends to be active participation in both the Equity or Marketing Working groups and expect to address the need and cost for developing materials in a broader range of languages as part of those discussions.

- **Trade Ally Awareness and Training:** To meet the participation goals, sufficient HPwES contractors must be available to undertake the work. The utilities will address this barrier by trying to recruit more HVAC contractors to secure the additional certification necessary to participate in this program, including pursuing initiatives that align with the Workforce Development Working Group strategies to include more local, underrepresented and disadvantaged workers.



The utilities will seek to manage all barriers to program success through a commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. The utilities established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis.

**Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)-**

The utilities will administer this HPwES subprogram and may also choose to select a third-party implementation contractor to manage delivery of this subprogram.

Utility staff and/or third-party implementation contractors will oversee all aspects of the subprogram, including training and engagement, QA/QC, and rebate processing. There will be a significant focus on developing, training, and growing a qualified trade ally network. This will include trade ally training sessions, workshops, and market development events to grow and develop the trade ally network, with a priority placed on encouraging them to integrate home efficiency performance into their business and become Building Performance Institute (BPI) certified contractors. Utility staff and/or third-party implementation contractors will maintain a close relationship with trade allies to ensure consistent subprogram delivery experience and high customer satisfaction. Utility staff and/or third-party implementation contractors will also take on the responsibility of providing an additional layer of customer support as needed and conducting selective verification of trade ally installation work.

Trade allies will consist of companies employing BPI-certified professionals to complete HPwES audits and energy-saving projects. In order to facilitate trade ally access to participants, utilities or the third-party implementation contractor will maintain a list of companies and professional services where customers can find local trade allies based on geography and other criteria.

Selection of third-party implementation contractors will prioritize criteria including but not limited to:

- Experience delivering similar subprograms or initiatives
- Knowledge of the current marketplace
- Ability to educate and train contractors
- Local presence
- Cost
- The amount of business placed with minority, women, veteran and service disabled veteran owned businesses (“MWVBEs”).

The utilities will encourage all participating contractors to also look for opportunities to promote measures from the Residential Efficient Products Subprogram, such as home appliances (e.g. clothes washers) to increase energy savings and leverage those incentives.

**Existing and Proposed Incentives Ranges (MFR II.a.iii) (MFR II.a.iv)**

The utilities will provide incentives to encourage customers to implement the measures recommended during their audit. Incentives will be calculated based on modeled savings through a sliding scale up to an overall project cap. Modeled savings will be based upon software that will use consistent calculations across territories. As the utilities work to launch midstream incentives for HVAC measures through the EE Products program, there is a recognition that a baseline incentive may be provided when a participating contractor secures the equipment from a participating distributor or retailer. The utilities intend to adjust the calculation of the incentive when an incentive has already been provided through a midstream path. However, the utilities have a shared intention to have the value of an HVAC measure being installed through this program be higher than a standalone HVAC equipment installation to ensure that customers are encouraged to pursue comprehensive upgrades and to recognize additional energy savings associated with improving the building shell.

Consistent with current practices for the New Jersey HPwES program, the utilities are proposing an incentive range for a Contractor Production incentive and separate scale for incentives for multi-family properties.

Refer to Appendix B for the Summary of Proposed Incentive Ranges for this program.

The utilities and/or third-party implementation contractors will complete consumer or contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements such as necessary field inspections (if required).

**Customer Financing Options (MFR II.a.vi)**

Refer to Appendix C for the Summary of Proposed Financing for this program.

**Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG residential customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data. Customers can also access historic usage data through the SJG home energy report portal usage using the Green Button option.

**Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this subprogram. All values are annual incremental totals, and do not incorporate savings achieved in prior years. In the context of the HPwES program, participants are defined as households that complete a HPwES project. Savings estimates are based on projected participation during each year of the forecast period.

Table 3. HPwES Estimated Participation and Savings - Represents all savings from lead utility projects

Metric	PY1	PY2	PY3
Estimated Participants	200	260	360
Projected Net Annual Natural Gas Savings (therms)	65,981	85,775	118,766
Projected Net Lifetime Natural Gas Savings (therms)	1,121,678	1,458,182	2,019,021
Projected Net Lifetime Natural Gas Savings from Qualifying Low-Income Customers (therms)	0	0	0
Projected Net Annual Electric Savings (kWh)	195,457	254,094	351,823
Projected Net Lifetime Electric Savings (kWh)	3,322,774	4,319,606	5,980,993
Projected Net Lifetime Electric Savings from Qualifying Low-Income Customers (kWh)	0	0	0
Projected Net Annual Peak Demand Savings (kW)	7	9	12
Projected Net Lifetime Peak Demand Savings (kW)	115	149	206

For customers in areas where gas and electric service territories overlap, the utilities will use the Statewide Coordinator to allocate costs and energy savings. Refer to Section 6 for a description of the role of the Statewide Coordinator.

#### **Program Budget (MFR II a.xi) (MFR II.a.xii)**

The following table provides the subprogram budget broken down by the following categories: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

Table 4. HPwES Estimated Program Expenditures by Cost Category and Year

Cost Category	PY1	PY2	PY3
Capital Cost	0	0	0
Utility Administration	87,743	108,232	142,310
Marketing	41,251	52,634	71,593
Outside Services	249,740	307,052	402,358
Incentives-rebates and other	880,760	1,144,988	1,585,368
Incentives-financing	1,540,000	2,002,000	2,772,000

Inspections and Quality Control	13,426	14,351	15,854
Evaluation	84,727	110,145	152,508
Total	2,897,647	3,739,401	5,141,991

## 1.2. Commercial & Industrial Core Subprograms

**Direct Install:** This subprogram provides a no-cost audit and direct install measures, and incentives for comprehensive retrofit projects. Non-residential customer can also receive financing for project costs.

**Energy Solutions for Business: Prescriptive and Custom:** This subprogram provides prescriptive and custom measures for lighting, HVAC, controls, and other C&I equipment.

### 1.2.1. Direct Install

The C&I Direct Install Program is focused on installation of efficiency measures for small businesses, non-profit organizations, municipalities, schools and faith-based organizations (“eligible customers”) that typically lack the time, knowledge, or financial resources necessary to investigate and pursue energy efficiency. The program is designed to provide eligible customers with easy investment decisions for the direct installation of energy efficiency projects. The program will pay a percentage of the up-front cost to install the recommended energy efficiency measures, with the participating customer contributing the balance of the project not covered by the incentive. The program will also provide a repayment option to the customer for their required contribution. The no-cost energy assessment mitigates the time constraints and knowledge barriers while the reduced overall costs and repayment options mitigate up-front cost barriers and assist participants in making decisions, which otherwise would be time-consuming and difficult to justify. The C&I Direct Install program plays an important role in the marketplace because private providers of energy efficiency services typically do not target smaller customers due to the lower overall profit for their services when compared with larger non-residential customers. For these reasons, small businesses, non-profit organizations, municipalities, schools, and faith-based organizations are often hard to reach, and the program fills an important gap by targeting, promoting, and delivering efficiency services to these customers directly.

The energy assessment will be provided to customers free of charge and will offer recommendations on energy efficiency measures to reduce energy usage and costs. Standard basic energy savings measures may also be provided or installed at no cost at the time of the energy assessment to support customer engagement, participation, and energy savings.

The program will also focus on the smallest customers within the eligible customer segment. SJG anticipates portions of the program to be directed at restaurants, small offices, convenience stores and other small independent businesses that often are left behind in less-comprehensive energy

efficiency programs. Through a number of delivery mechanisms, SJG will assure that all eligible business types are able to participate in this program.

### **Target Market or Segment (MFR II.a.ii)**

The program seeks to address the most cost-effective measures (e.g. LED lighting retrofits) but will also address all measure retrofits that would comprise a cost-effective project. Examples of end-use categories covered by the program include lighting, HVAC, controls, refrigeration, food service, motors, low-flow devices, pipe wrap and domestic hot water equipment.

The program will be divided into two tiers of eligibility, determined by the customer's individual facility peak electrical demand over the last 12 months. Tier 1 will serve the smallest of the eligible customer base, specifically focusing on customers with an average individual facility peak electrical demand of up to 100 kW. Tier 1 will also include customers up to 200 kW within an Urban Enterprise Zone, Opportunity Zone, and owned or operated by a local government, K-12 public schools. Additionally, customers with an average peak demand from 101 – 200 kW that are located within designated opportunity zones or Urban Enterprise Zones (“UEZ”) may also qualify for Tier 1 status. Tier 2 will serve the larger segment of small non-residential customers, with an average individual facility peak electrical demand of 101 - 200 kW. This figure may be increased by the electric utility to ensure the program is properly addressing the market in the electric utility's service territory.

### **Marketing Plan (MFR II.a.xiv)**

The C&I Direct Install Program will be marketed to customers through a combination of direct outreach by program staff, and/or the third-party implementation contractor, web-based engagement and customer information analytics, digital advertising, and hard-copy materials to promote awareness among trade allies and customers. Direct outreach may include visits to customer premises to distribute hard-copy program materials, inform customers about the program directly, and solicit participation. Additionally, SJG may engage community partners, including chambers of commerce and other local organizations including those comprised of underrepresented and socially or economically disadvantaged individuals. SJG will also consider the potential to utilize customer information analytics or other targeted energy education outreach to identify and target customers best suited for participation in the program. The collective marketing plan strategy is useful for enrolling eligible customers that may be interested in participating but have not heard of the program and do not have the time or resources to prioritize investigating energy efficiency opportunities or reaching out to SJG.

The primary market barriers that impact this program include:

- **Customer Awareness and Engagement:** Small businesses, non-profit organizations, schools and faith-based organizations typically have limited resources and time to consider or prioritize energy efficiency and may have efficiency needs not well aligned with traditional commercial demand side management (“DSM”) programs targeted at larger customers. This program is intended to confront these market barriers by providing turnkey, direct installation of efficiency measures tailored to these eligible customers at no

cost, while identifying additional efficiency opportunities directly on-site, and through directly soliciting eligible customers for participation. This personalized approach builds trust and achieves results while increasing the likelihood of further participation referrals. To increase participation rates among a diverse demographic, utilities may include focused outreach efforts to reach minority- and women-owned small businesses, and start-ups by engaging with business groups and organizations that support these customers. Partner business groups might include the Chamber of Commerce, and the Small Business Administration. Utilities may also explore providing outreach materials in Spanish to reach Spanish-speaking business owners.

- **Initial Cost of Efficiency Investments:** Recommended energy efficiency projects that go beyond direct-install measures will require more participant investment and commitment. This barrier will be addressed through offering incentives and a repayment option, as well as through operating a program that is flexible and easy for small business customers to utilize.
- **Landlord/Tenant Arrangements:** Split incentives between landlord/tenants with respect to who pays for energy use versus who owns the energy-using equipment presents a unique challenge because the investor in the equipment does not experience an immediate benefit. The subprogram will employ strategies to help the landlord understand the long-term benefits of participating. This subprogram will be marketed to both landlords and tenants to assure that those exposed to energy costs and investments are able to participate in the program. Utilities may also provide technical and outreach assistance to property owners and managers in developing and marketing green properties.

SJG will seek to manage barriers to program success through a commitment to monitoring program performance and feedback channels for assessing effective program design, delivery, outreach, and marketing/advertising, and improvement opportunities. SJG's established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis. To the extent possible, SJG will cross-promote program offerings to spread awareness of the range of efficiency opportunities proposed in this plan.

#### **Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

The C&I Direct Install Program interfaces with customers via either direct solicitation or upon customer request. All participants receive a site visit, including a free on-site energy assessment to identify energy efficiency retrofit opportunities. Standard basic energy savings measures may also be provided at no cost at the time of the energy assessment for eligible Tier 1 customers, to support customer engagement, participation, and energy savings. Following the energy assessment, participants are provided with a report assessing the site and recommending investments that could further improve the energy efficiency of the facility.

Based on the results of the energy assessment report, the program will offer to initially pay a percentage of the project cost to install the recommended energy efficiency measures with the participating customer (and/or landlord). The program will also provide a payment option to the customer (and/or landlord) for their portion of the project cost. SJG will provide for the installation of all work and assure it is completed on time and to specifications. This approach frees up the



participant, who may not have the time or resources to dedicate to project implementation. The distinction between Tier 1 and Tier 2 eligibility criteria will ensure that eligible customers, even those that are the smallest and often overlooked, receive ample focus. The simple, turnkey solution provides eligible customers with the initial site visit, energy assessment, and installation of recommended efficiency measures at no initial cost to participants.

SJG will administer and manage the program with the support of third-party implementation contractor(s) and/or utility staff. The third-party implementation contractor or Utility Staff will have responsibility for most delivery tasks and customer outreach on behalf of SJG. If used, the third-party implementation contractor will work closely with SJG to optimize the program offering, including, but not limited to:

- Initial participant recruitment, energy assessment, and equipment installation;
- Program data tracking;
- Direct customer outreach/program delivery strategy;
- Development of measure mix;
- Marketing;
- Promotion of emerging technology;
- Customer satisfaction.

#### **Existing and Proposed Incentives Ranges (MFR II.a.iii) (MFR II.a.iv)**

Both tiers of the program will encompass many of the same benefits, including a simple, turnkey solution for eligible customers, which requires no up-front investment. The initial site visit, energy assessment, and installation of recommended energy efficiency measures are provided at no initial cost to participants. The utilities propose to provide an incentive level of up to 70-80% of the project costs, and to continue discussions to determine the appropriate level and at what level the incentive is applied to best promote the completion of comprehensive projects while maintaining overall program cost effectiveness. Additionally, the utilities plan to coordinate on the methodologies and calculations used to determine energy savings and program incentives.

For Tier 1 customers, standard basic energy savings measures may be installed at no cost during the time of the energy assessment. The program will offer to pay up to 80% of the project cost to install the recommended energy efficiency measures with the participating customer (and/or landlord) repaying the balance not covered through the incentive either in a lump sum or through an available repayment option. Customers located in an Urban Enterprise Zone, Opportunity Zone, owned or operated by a local government or K-12 public schools will also qualify for Tier 1 status, up to an average individual facility peak electrical demand of 200 kW.

Tier 2 will serve the larger segment of eligible customers, with an average individual facility peak electrical demand of 101 - 200 kW over the past 12 months. Incentives up to 70% of the total project cost will be offered.

Refer to Appendix B for a list of incentives.

**Customer Financing Options (MFR II.a.vi)**

The participating customer (and/or landlord) will repay the balance not covered through the incentive either in a lump sum or through an interest free financing option with a term of five years. Refer to Appendix C for the Summary of Proposed Financing for this program.

**Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG commercial customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data.

**Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this program. All values are annual incremental totals, and do not incorporate savings achieved in prior years. Participation estimates are calculated as the sum of expected number of small businesses participating in the program. Savings estimates are based on projected participation during each year of the forecast period.

*Table 5. C&I Direct Install Participation and Savings*

<b>Metric</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Estimated Participants	15	18	25
Projected Net Annual Natural Gas Savings (therms)	20,713	24,856	34,522
Projected Net Lifetime Natural Gas Savings (therms)	310,699	372,839	517,832
Projected Net Lifetime Natural Gas Savings from Qualifying Small-Business Customers (therms)	310,699	372,839	517,832
Projected Net Annual Electric Savings (kWh)	692,442	830,930	1,154,070
Projected Net Lifetime Electric Savings (kWh)	10,386,630	12,463,956	17,311,050
Projected Net Lifetime Electric Savings from Qualifying Small-Business Customers (kWh)	10,386,630	12,463,956	17,311,050
Projected Net Annual Peak Demand Savings (kW)	19	23	32
Projected Net Lifetime Peak Demand Savings (kW)	288	346	480

**Program Budget (MFR II a.xi) (MFR II.a.xii)**

The following table provides the subprogram budget broken down by the following categories: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

*Table 6. C&I Direct Install Estimated Program Expenditures by Cost Category and Year*



Cost Category	PY1	PY2	PY3
Capital Cost	0	0	0
Utility Administration	67,772	77,167	101,777
Marketing	31,862	37,527	51,202
Outside Services	192,897	218,921	287,757
Incentives-rebates and other	680,292	816,351	1,133,821
Incentives-financing	236,619	283,942	394,365
Inspections and Quality Control	10,370	10,232	11,338
Evaluation	32,092	38,510	53,486
Total	1,251,905	1,482,650	2,033,747

### 1.2.2. Energy Solutions for Business: Prescriptive and Custom

The C&I Prescriptive and Custom Measure subprogram will promote the installation of high-efficiency electric and/or natural gas equipment by SJG C&I customers, either via the installation of prescriptive or custom measures or projects. The subprogram provides prescriptive based incentives to commercial and industrial customers. Depending on the product, incentives can be realized through midstream or upstream channels, or downstream incentives for certain products. These measures will incent energy efficient lighting, appliances, heating and cooling equipment, and food service equipment, among other efficiency measures. Type and value of incentive provided will range and will include electric and/or natural gas technologies that improve energy efficiency. Up-front rebates will be offered to reduce initial costs and some purchases may qualify for low to no-interest financing to further reduce first cost barriers. Prescriptive measures are designed to provide easy and cost-effective access to energy efficient measures- through customers' preferred channels.

Prescriptive rebates are designed to:

- Provide incentives to facility owners and operators for the installation of high efficiency equipment and controls
- Promote the marketing of high efficiency measures by trade allies such as electrical contractors, mechanical contractors, and their distributors to increase market demand.
- Ensure the participation process is clear and simple

Prescriptive incentives will increase adoption of energy efficient equipment by harnessing SJG's unique customer relationships to positively impact the entire sales process surrounding efficient

equipment, from education and awareness with customers, engagement with trade ally contractors and equipment distributors, to financing opportunities for the high efficiency equipment.

The subprogram also includes custom measures that provide calculated or performance-based incentives for electric and natural gas efficiency opportunities for commercial, industrial, and other non-residential customers that are non-standard and not captured by prescriptive opportunities. Calculated or performance-based incentives are designed to reduce the customer's capital investment for qualifying energy efficient equipment, to retrofit specialized processes and applications and/or to implement qualifying high efficiency building shell or systems improvements. Typical custom measures that are eligible for incentives are either less common measures or efficiency opportunities in specialized applications that may include manufacturing or industry-specific processes, or non-traditional use cases. In many cases, custom efficiency projects are more complex than prescriptive equipment replacement.

The subprogram may also develop a midstream approach, work with retailers, contractors, distributors and/or manufacturers for midstream or upstream incentives or point of purchase buydowns for select measures such as lighting, HVAC, food service and agriculture.

Potential participants are required to submit an application for pre-approval to reserve funding. The Utility and/or implementation contractors will develop electronic rebate application forms that will guide applicants through eligibility guidelines, subprogram requirements, terms and conditions, and general information. In addition, the Utility and/or implementation contractors will provide applications in web ready formats to ensure participants have easy access to the forms. The pre-approval process provides for the review of the customer's proposed project to confirm measure eligibility and incentive budget availability. This also supports the Company's subprogram management because it communicates projects that are in the pipeline. If accepted and pre-approved by SJG, a timeline is established for project completion to qualify for a rebate. The typical lead time for completing a custom project is 90 to 120 days but can be longer depending on the complexity of the project. Large projects, or subsets of projects, may be required to undergo pre-and post-inspection to validate project energy savings. Approved projects may also be eligible for low to no cost financing to further reduce first-cost barriers.

### **Target Market or Segment (MFR II.a.ii)**

The C&I Prescriptive and Custom Measures subprogram will be available to all commercial, industrial, and other non-residential customers located within SJG's service territory. This subprogram is focused on promoting the sale and installation of efficient electric and/or natural gas equipment across all major end-use categories and can be easily promoted to trade allies and customers via straightforward prescriptive rebates, or more complex custom rebates. Potential technologies incentivized through prescriptive measures include energy efficient lighting, appliances, heating and cooling equipment, and food service equipment, among other efficiency measures. Customers pursuing custom incentives will generally be customers with more complex needs and non-standard efficiency opportunities. Typically, this include building types such as light/heavy industrial, manufacturing, data centers, and distribution centers, among others.

### Marketing Plan (MFR II.a.xiv)

The C&I Prescriptive and Custom Measures subprogram will engage with customers and trade allies at multiple levels, including broad-based energy efficiency awareness campaigns, direct outreach by subprogram staff and representatives, web-based engagement and information, digital advertising, and hard-copy materials to promote awareness among trade allies and customers. In some cases, subprogram staff and representatives will reach out directly to large customers. Use of appropriate types of media are anticipated to be included in the marketing plan, such as direct mail, email, print, and digital media. Engagement with trade associations (e.g. builders, architects, engineers, equipment distributors, professional and contractor associations, etc.) will also be important venues for SJG to present information about the subprogram, raise awareness and encourage participation.

Marketing will be used to target specific customer sectors to ensure awareness in the subprogram and enhance participation. The Utility and/or implementation contractor will target various market sectors (i.e. education, medical/health care, manufacturing, retail, food service) to enhance participation and promote a cross-section of measures applicable to each market. Since prescriptive retrofits are generally one-for-one replacements, measure-specific collateral pieces will be developed for new measures or enhanced for continuing measures. These will be delivered to sectors most likely to utilize the specific technology. Fact sheets, mailings, post cards, e-blasts, and on-location seminars will all be used to promote specific measures. Custom marketing efforts require a consistent and directed outreach to trade allies and associations. The Utility and/or implementation contractors will be required to develop and implement a marketing plan to identify and target customers to connect them to appropriate measures using e-blasts, webinars, on-site seminars, and large customer publications, among other marketing and outreach initiatives. Further, in order to attract multiple measure participation, the Utility and/or implementation contractor will outreach via sectors, as well as to trade allies and associations such as architects, engineers and professional associations. Targeted advertisements in industry/trade publications will also be required to bring awareness to the opportunities and savings available through the Custom offering. The utilities anticipate developing a coordinated marketing approach with the Office of Clean Energy to ensure a simple and streamlined program offering.

The primary market barriers that impact this subprogram include:

- **Initial Cost of Efficient Equipment:** Relative to the market baseline, efficient equipment often carries a higher upfront premium but a lower lifetime operating cost. Purchasers often may not fully value the lifetime operating cost advantage of efficient equipment and as a result, higher upfront cost is a barrier to purchasing efficient equipment. To address this barrier, incentives are provided to the customer to reduce the initial cost through a variety of channels including at midstream and downstream points. Access to financing for certain measures will also help address this barrier.
- **Customer Awareness and Engagement:** Commercial and Industrial customers may not be aware of the benefits of installing efficient equipment and/or lack the time and resources to pursue efficient equipment when replacing existing equipment. To address this barrier, SJG will educate customers on the benefits of installing efficient equipment through

targeted marketing, ensure that incentives are easily accessible, and encourage market transformation and stocking of efficient equipment through midstream incentives. Through outreach efforts, SJG will seek to partner with retail and wholesale entities to promote program offerings, and also focus marketing, education, and outreach efforts on the trade ally community to ensure that trade allies are aware of available incentives and prepared to serve customers.

- **Landlord/Tenant Arrangements:** Split incentives between landlords, who own the energy-using equipment, and tenants, who pay for energy use, challenge the incentive to participate in the program. This program will be marketed to both landlords and tenants to assure those exposed to energy costs are able to participate in program
- **Sufficient Stocking and Availability of Efficient Products:** To support a robust marketplace for efficient equipment, SJG will promote midstream incentives for specific equipment types to encourage participation via incentives for distributors or retailers to stock and promote the purchase of or for directly marking down the cost of the efficient equipment at the point of sale

SJG will seek to manage barriers to subprogram success through a commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. SJG's established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis. SJG will cross-promote programs and subprograms to spread awareness of the range of efficiency opportunities proposed in this plan.

**Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

SJG may outsource some or all of the implementation of this subprogram to an implementation contractor who would be responsible for defined functions, which could include administration, marketing, application processing and documentation regarding purchased products and processing incentives and rebates. The Company will perform overall administration and oversight of the subprogram. To maximize customer participation and streamline the customer experience, SJG will use its strong customer and marketplace relationships to support multiple implementation strategies to achieve subprogram goals.

- **Trade Allies:** SJG and/or the implementation contractor will target trade allies (e.g. electricians, HVAC contractors, lighting retailers and distributors, building energy managers, etc.) to promote the efficiency opportunities and incentives to their clients. Trade allies will be able to leverage the subprogram and offer customers rebates through their normal course of business. By developing relationships with trade allies, the subprogram will develop a broad reach across the marketplace and solicit feedback to ensure incentives and measures are impacting the market as designed. Examples of targeted trade ally firms include:
  - Design, engineering, and controls firms
  - HVAC distributors, contractors, and retail providers
  - Food service retailers and service providers
  - Commercial lighting distributors and wholesalers

- **Retail:** SJG subprogram staff, the implementation contractor, and field representatives will work with retailers and distributors that directly target C&I customers, so they are aware of the participation process and available equipment incentives. SJG and/or implementation contractor will also provide support and assistance to retailers or distributors to support identification and promotion of qualifying energy efficient products. This will also include training and instruction to participating retailers and distributors about the SJG application forms.
- **Midstream:** SJG and/or the implementation contractor may promote a midstream component for specific equipment types to encourage purchase of efficient equipment via directly marking down the cost of the efficient equipment at the point of sale. Midstream rebates encourage market transformation and wider availability of efficient equipment. SJG anticipates offering midstream point of sale discounts across numerous equipment types, including, but not limited to: LED lighting, HVAC, and food service equipment. Efficient products that are rebated via a midstream approach will not be eligible for rebates in any other SJG rebate program. The Utility and/or implementation contractor will also provide support and assistance to distributors to support identification and promotion of qualifying energy efficient products. This will also include training and instruction to participating distributors as well as enrollment of distributors to participate in midstream subprogram offerings
- **Digital:** The subprogram will be marketed directly to C&I customers on the SJG website, where customers will have easy access to information regarding eligible equipment and savings opportunities, how to participate, and incentives across all efficient equipment types and end-uses.
- **Targeted Customer Outreach:** SJG staff may choose to reach out directly to large business and commercial customers to develop relationships with energy and facilities managers, operations staff, and procurement personnel. Subprogram staff can help facilitate completion of rebate applications and serve as a direct resource to these customers, providing technical support and helping to assist customers in identifying efficiency opportunities.
- **Technical Customer Assistance:** An important element of the C&I Prescriptive and Custom Measures subprogram is the availability of technical support. The Utility and/or implementation contractor will provide technical support to customers on the application of the energy efficiency measures and technologies included in this subprogram, including supporting project identification, developing energy savings calculations, and assessing project economics as required.

Measurement & Verification (“M&V”) for projects above a certain estimated incentive size, or projects that do not have reliable information to accurately forecast energy savings may require energy monitoring before and after project implementation to determine savings and incentive amounts.

### **Contractor Requirements and Role**

It is anticipated that any third-party implementation contractor will work closely with SJG to optimize the subprogram’s strategic direction, including, but not limited to, the following activities:

- Offered incentive levels and strategies
- Customer satisfaction
- Measurement and verification during on-site visits
- Subprogram data tracking
- Rebate payments

SJG may select a qualified third-party implementation contractor (or contractors) based on, but not limited to, the following factors:

- Technical Approach
- Organizational and Management Capability
- Experience
- Cost
- The amount of business placed with minority, women, veteran, and service-disabled veteran owned businesses (“MWVBEs”).

A comprehensive contractor agreement, containing information about equipment certification (such as DLC lighting, etc.), licensing, insurance requirements and more, will be developed and provided to all participating contractors.

#### **Utility Service Area Overlap**

For customers in areas where gas and electric service territories overlap, the utilities will use the Statewide Coordinator to allocate costs and energy savings for shared measures. Refer to Section 6 for a description of this role.

#### **Existing and Proposed Incentives Ranges (MFR II.a.iii) (MFR II.a.iv)**

The utilities propose to provide a range of incentives depending on the measure type, subject to changes based upon customer response and market conditions over the plan period. Incentives will vary depending on factors including but not limited to the specific product, the incremental cost of the high-efficiency technology, and the product maturity in the marketplace. Refer to Appendix B for the Summary of Proposed Incentive Ranges for this program.

In instances where incentives are not immediate, the utilities will complete consumer or contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements such as necessary field inspections (if required).

#### **Customer Financing Options (MFR II.a.vi)**

The participating customer will repay the balance not covered through the incentive either in a lump sum or through a financing option.

Refer to Appendix C for the Summary of Proposed Financing for this program.



**Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG commercial customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data.

**Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this subprogram. All values are annual incremental totals, and do not incorporate savings achieved in prior years. Participants are defined as measures in the context of the prescriptive and custom subprogram. Savings estimates are based on projected participation during each year of the forecast period.

*Table 7. C&I Prescriptive and Custom Participation and Savings -Represents all savings from lead utility projects*

<b>Metric</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Estimated Participants	843	852	1,133
Projected Net Annual Natural Gas Savings (therms)	77,700	79,631	106,305
Projected Net Lifetime Natural Gas Savings (therms)	176,888	195,968	266,582
Projected Net Lifetime Natural Gas Savings from Qualifying Small-Business Customers (therms)	0	0	0
Projected Net Annual Electric Savings (kWh)	617,447	712,827	978,696
Projected Net Lifetime Electric Savings (kWh)	14,216,211	15,696,446	21,335,814
Projected Net Lifetime Electric Savings from Qualifying Small-Business Customers (kWh)	0	0	0
Projected Net Annual Peak Demand Savings (kW)	36	38	51
Projected Net Lifetime Peak Demand Savings (kW)	878	913	1,223

**Subprogram Budget (MFR II a.xi) (MFR II.a.xii)**

The following table provides the subprogram budget broken down by the following categories: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

*Table 8. C&I Prescriptive and Custom Estimated Program Expenditures by Cost Category and Year*

<b>Cost Category</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Capital Cost	0	0	0
Utility Administration	34,265	36,394	47,081

Marketing	16,109	17,699	23,685
Outside Services	97,527	103,250	133,112
Incentives-rebates and other	343,949	385,017	524,489
Incentives-financing	293,178	354,691	445,161
Inspections and Quality Control	5,243	4,826	5,245
Evaluation	22,299	25,890	33,938
Total	812,571	927,766	1,212,711

### 1.3. Multi-Family Program

This program addresses multifamily structures with three or more units. As such, there can be significant variation in the types of structures served under this Program ranging from residential type dwelling with three units to large garden apartment complexes to multi-story high rise buildings. In order to meet the specific needs of each customer, the Multi-Family Program will provide, in conjunction with the customer, a structured screening review to identify and develop the project plan for the customer. Potential program services include customer engagement with energy efficiency education through energy assessments, installation of standard energy savings measures, comprehensive energy savings opportunities including prescriptive equipment replacement, custom retrofit projects and engineered solutions and emergency equipment replacement. In addition, the Multifamily Program will provide On-Bill Repayment or access to financing with similar terms and enhanced incentives for low income/affordable housing properties

The Multi-Family Program will seek to work with each customer to determine and package the best energy savings opportunities based on the Company's current program offerings (e.g. direct installation of standard energy savings measures, prescriptive equipment replacement, custom retrofit or engineered solutions), with an emphasis to encourage more comprehensive projects wherever possible. Customers will begin participation in the Multi-Family Program with a screening to identify and develop a project plan. The initial screening may include an energy assessment and installation of standard energy savings measures to help encourage program participation. The assessment will also identify additional energy savings opportunities and develop the project plan that is the best fit for each specific customer and building.

Applications to this program will be reviewed to determine the project plan depending on the type of housing stock and ownership structure. The screening process will consider various factors to create a project plan that will deliver a high level of energy savings in the most cost-effective manner. Examples of these factors include, but are not limited to:

- Building size
- Number of units



- If the facility is being served by a central plant
- If there are individual heating and cooling units
- If there are building envelope/weatherization opportunities
- Application review with a potential virtual site inspection
- Application review with potential telephone interview with Property Management
- An on-site pre-scoping audit may be performed

Depending upon the screening results and the customer's interests, a customer's project plan could include direct installation of standard energy savings measures, incentives for prescriptive equipment replacement, custom retrofit opportunities, or a Comprehensive Engineered Solutions project. The measures within the project plan will be consistent with the terms and conditions of the Company's applicable residential and/or commercial & industrial program offerings (e.g. Existing Homes, Efficient Products, Energy Solutions for Business). Therefore, the project plan can include prescriptive measures with set energy-savings and/or custom projects with savings on a project basis. Please refer to these program descriptions for more information on these program offerings and the associated terms and conditions, including delivery methods and contractor roles.

#### **Target Market or Segment (MFR II.a.ii)**

All multi-family buildings with three or more units that are served by at least one investor owned utility are eligible to participate. The Program targets multi-family property owners, property managers, and residents, who, because of the building owner – tenant relationship, have always had difficulty investing in energy efficiency equipment. The utilities will also target outreach to economically qualified occupants and owners of multifamily buildings who are eligible for enhanced incentives. Eligibility for these enhanced incentives can be automatic based upon the type of property that has a Low or Moderate-Income designation (e.g. New Jersey Housing and Mortgage Financing Agency qualified, Housing Authorities) or by a physical location (e.g. census tract, environmental justice community, Urban Enterprise Zone). The program may refer prospective customers to Comfort Partners as appropriate.

#### **Marketing Plan (MFR II.a.xiv)**

The marketing strategy will focus on informing property owners, managers, associations, tenant groups, municipalities, and community organizations about the availability and benefits of the program and how to participate. Marketing activities will also target lower and moderate-income multi-family sector. Key elements of the marketing strategy may include:

- Targeted outreach through direct mailings and presentations to inform property owners, managers, apartment associations, tenant groups, municipalities and community organizations about the benefits of the program and participation processes
- Brochures highlighting the benefits and features of the program as well as the enrollment and participation processes
- Website content providing program information resources and contact information
- In-person visits by program representatives to properties with three or more units

- Energy assessments of properties may include the direct installation of standard energy savings measures to engage, educate and promote the building owners or facility managers to participate in the other program offerings targeting deeper savings.

The primary market barriers that impact this program include:

- **Business/Operational Constraints:** Multi-family properties often have unique operational and time constraints that act as a barrier to implement energy efficiency projects. This barrier will be addressed by ensuring the program operates cooperatively with participants, provides program participation and technical assistance, and offers timely incentives and financing support.
- **Customer Awareness and Engagement:** Eligible participants may be unaware of energy efficiency opportunities and programs because the segment has historically not been well served by traditional energy efficiency programs. To address this barrier, this program was designed specifically to support the multi-family segment. The utilities will execute targeted outreach strategies to ensure that relevant customers are aware of program opportunities and consider energy efficiency in equipment investments and long-term planning. The program will also prepare and distribute successful case studies of prior participants and their experiences and energy savings.
- **Cost Effectiveness:** Efficiency upgrades require an initial investment that is recovered by lower long-run operating costs and non-energy benefits. Multi-family projects may carry longer payback periods than traditional energy efficiency projects due to the unique needs of the segment. To address this barrier, incentives and access to OBRP or similar financing options will be provided to the customer to reduce the initial cost. The utilities will also communicate the non-energy benefits offered by many efficiency upgrades that may not be captured in the cost/benefit analysis to further promote efficiency upgrades to customers.

Additionally, the utilities considered the following market barriers identified in the Utility Demographic and Firmographic Profile 2020 Study<sup>2</sup>.

- **Split incentives:** Multi-family properties can face challenges for energy efficiency improvements since the owner generally does not pay the utility bills and may not reap the full benefit of any energy efficiency investment. To address this barrier, the utilities will market to both landlords and tenants to assure that those exposed to energy costs are able to participate in the program, provide low- and no-cost measures at no cost to the tenant or the landlord, and offer comprehensive approaches for multi-family, including application, technical and engineering support to design cost-effective projects with benefits for owners and renters.

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<sup>2</sup> The purpose of this study was to examine the demographics and firmographics of all customers in the service territories of each of the electric and gas public utilities in New Jersey. This is to comply with P.L. 2018, c. 17, codified at N.J.S.A. 48:3-51-87 et seq., commonly known as the Clean Energy Act of 2018 (“Clean Energy Act” or “CEA”), as well as in response to the New Jersey Board of Public Utilities (NJBPU) Order Docket Nos. QO19010040 and QO19060748 (dated October 7, 2019), which directed the utilities to complete a demographic analysis pursuant to the Clean Energy Act. The study was released on April 30, 2020 and can be found [here](#).

- **Complex buying process:** There can be a broad range of potential energy efficiency investments, but it can be challenging to identify which strategies may be the most beneficial for owners and/or tenants. To address this barrier, the program will provide customized screening and on-going support to help find the best solution for the customer and include incentives to encourage the customer to implement the recommended solutions.

The utilities will seek to manage all barriers to program success through a commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. The utilities will leverage their established customer communication channels, data, and brand in the marketplace to identify and confront market barriers on an ongoing basis.

### **Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

The Multi-Family Program will be delivered in coordination between both the Lead Utility and the Partner Utility (where applicable) and/or qualified third-party implementation contractor(s) with experience delivering similar programs. Because of the unique and varied nature of the multi-family market Program representatives will build relationships with property management companies, owners, associations and their members to recruit participation in the Program. The Program will assist customers as necessary to coordinate scheduling of the Energy Assessment and direct installations and will provide program and technical support to complete program and rebate application requirements.

Delivery of energy-saving measures will be dependent on the project plan and may include direct install standard energy savings measures, installation of prescriptive measures, or custom projects. It may be necessary to schedule appointments for the installation of energy saving measures in the individual living units and common areas. In-unit HVAC tune-ups may also be offered to the property owner or tenant. The installation crews are trained on the technical and educational aspects of the energy saving devices installed and leave educational materials in each unit describing the work performed and explaining the energy-saving benefits.

### **Existing and Proposed Incentives (MFR II.a.iii) (MFR II.a.iv)**

The following table provides a summary of the existing and proposed incentives for each of the potential components of the project plan for each building under the Multi-family Program.

<b>Program Component/Service</b>	<b>Existing Incentive<sup>3</sup></b>	<b>Proposed Incentive</b>
Energy Assessment with installation of	N/A	<ul style="list-style-type: none"> <li>• Energy Assessment with the equipment and installation costs for the standard energy</li> </ul>

<sup>3</sup> Existing incentives generally represent currently available NJCEP incentives. For Engineered Solutions, they would represent the incentives currently approved for the New Jersey utilities that currently run this program.

standard energy savings measures		savings measures will be provided to eligible properties with “Up to 100%” of the cost provided by the program.
Prescriptive Equipment replacement and custom retrofit projects	<ul style="list-style-type: none"> <li>See the list of existing incentives in the descriptions of the Residential and Commercial &amp; Industrial programs currently available for the prescriptive equipment replacement and custom retrofits</li> </ul>	<ul style="list-style-type: none"> <li>Same value as incentives offered through the Residential and Commercial &amp; Industrial programs applicable for the prescriptive equipment replacement and custom retrofits</li> <li>Includes enhanced incentives offered for properties that are located in qualifying target areas or for LMI qualified customers.</li> </ul>
Engineered Solutions	<ul style="list-style-type: none"> <li>No cost ASHRAE Level I, II, or III audit.</li> <li>Program will buy-down the simple payback of the recommended energy efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years.</li> </ul>	<ul style="list-style-type: none"> <li>No cost ASHRAE Level I, II, or III audit.</li> <li>Program will buy-down the simple payback of the recommended energy efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years.</li> </ul>

Refer to Appendix B for the Summary of Proposed Incentive Ranges.

#### **Customer Financing Options (MFR II.a.vi)**

<b>Program Component/Service</b>	<b>Existing Incentive</b>
Prescriptive Equipment replacement and custom retrofit projects	Same financing option as available through the Residential and Commercial & Industrial programs applicable for select prescriptive equipment replacement and custom retrofit projects
Engineered Solutions	After the project incentive buy-down, the remaining project costs may be repaid by participants at no to low interest financing through an OBRP or other financing option with similar terms. Properties eligible for the Enhanced Low to Moderate Income incentive will be eligible for up to a 10-year repayment term.

Refer to Appendix C for the Summary of Proposed Financing.

**Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG residential customers will have access to customer data through the online customer service portal and through the home energy report portal using the Green Button option.

SJG commercial customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data.

**Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this Program. All values are annual incremental totals, and do not incorporate savings achieved in prior years. Savings estimates are based on projected participation during each year of the forecast period.

*Table 9. Multifamily Program Estimated Participation and Savings*

Metric	PY1	PY2	PY3
Estimated Participants	652	1,072	1,353
Projected Net Annual Natural Gas Savings (therms)	18,001	30,899	42,768
Projected Net Lifetime Natural Gas Savings (therms)	242,927	427,180	614,772
Projected Net Lifetime Natural Gas Savings from Qualifying Low-Income Customers (therms)	0	0	0
Projected Net Annual Electric Savings (kWh)	813,087	1,498,101	2,086,409
Projected Net Lifetime Electric Savings (kWh)	12,842,277	24,269,398	34,609,314
Projected Net Lifetime Electric Savings from Qualifying Low-Income Customers (kWh)	0	0	0
Projected Net Annual Peak Demand Savings (kW)	12	22	32
Projected Net Lifetime Peak Demand Savings (kW)	194	377	549

For customers in areas where gas and electric service territories overlap, the utilities will use the Statewide Coordinator to allocate costs and energy savings. Refer to Section 6 for a description of the role of the Statewide Coordinator.

**Program Budget and Project Costs by Year**

The following table provides projected program costs, by year, broken down into the following categories, as applicable: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

Table 10. Multifamily Program Estimated Program Expenditures by Cost Category and Year

Cost Category	PY1	PY2	PY3
Capital Cost	0	0	0
Utility Administration	58,126	105,736	143,320
Marketing	27,328	51,420	72,101
Outside Services	165,443	299,971	405,212
Incentives	583,470	1,118,585	1,596,617
Incentives-financing	245,108	490,217	735,325
Inspections and Quality Control	8,894	14,020	15,966
Evaluation	29,000	56,308	81,618
Total	1,117,370	2,136,257	3,050,159

#### 1.4. Residential Additional Utility Led Subprograms

**Home Energy Reports:** This program initially includes behavioral initiatives and energy education. This program can reach a significant portion of the utility customer base, including low-to moderate-income segment and share personalized education, including guidance on low and no-cost energy saving strategies.

**Existing Homes: Quick Home Energy Check-Up (QHEC):** This subprogram helps customers understand their best opportunities to save energy through an in-home consultation and also secure energy savings during that visit through the direct installation of energy saving measures. It will be designed to help renters as well as homeowners and promotes additional energy savings opportunities and upgrades available to the customer.

**Existing Homes: Moderate Income Weatherization:** This subprogram provides an opportunity for low to moderate income customers to receive no cost energy efficiency measures and upgrades.

**Note:** Comfort Partners, the comprehensive energy efficiency solution for low income customers in New Jersey, is not addressed within this filing since it is intended to be run as a Co-Managed Program under Societal Benefits Clause funding which is not the subject of this proceeding.

##### 1.4.1. Home Energy Reports

The Home Energy Report (“HER”) subprogram builds on several years of experience in driving residential customer behavior change through the delivery of data and information about home

energy consumption through personalized reports. This program is a proven method to reduce energy consumption and save customers money. HERs provide energy information through different lenses to help customers better understand energy use patterns, including:

- Monthly energy consumption for the home
- Comparison of energy use to similar homes
- Savings opportunities for customers
- Ways to engage in energy efficiency programs
- Energy savings tips
- How to engage with utilities

HERs are provided to customers through multiple channels including direct mail and email. This information is provided to customers to gain better insights into their own energy use as well as inform them how they compare to their peers. This comparison is a significant driver of behavior change in customers.

HERs lead to greater customer satisfaction and better engagement with the energy efficiency programs and the utility company. Part of this satisfaction comes from the targeted information that can be provided to customers including personalized energy efficiency recommendations and information on how to participate in SJG energy efficiency programs.

#### **Target Market or Segment (MFR II.a.ii)**

The residential behavioral program will be offered to a subset of single-family residential customers in SJG territory. The actual number of participants will be established by SJG and its HER contractor to ensure an adequate sample size, control group size, and targeted savings goals. This group will be reviewed regularly to ensure that the savings are maximized in a cost effectively manner.

#### **Marketing Plan (MFR II.a.xiv)**

HERs are provided to customers at no cost, and customers may choose to opt-out, rather than opt-in to receive the HERs. Therefore, this program requires no direct marketing to acquire program participants. This program will enable marketing of other SJG energy efficiency programs and specific energy savings opportunities for customers.

The market barriers for this program include:

- **Customer Attention:** Customers may not read the reports and act on potential savings opportunities. To address this barrier, SJG intends to communicate with the customer in the way that is best for them. Reports will be delivered by mail, by email, and through a web portal. This multi-mode communications strategy will allow customers to engage based on their level of comfort and be made aware of how their decisions impact energy usage. SJG will know in real time how customers are responding to the program (because savings are estimated on a regular interval) and can make adjustments to the treatment group and delivery mechanism as needed.



- **Customer Understanding of Opportunities:** Customers may not understand the opportunities to save energy in their homes and how to engage in these opportunities. To address this barrier, messaging in the HERs will include customized, easy to understand recommendations for customers based on their usage data. Reports will also include information on how customers can engage with SJG’s additional energy efficiency programs.
- **Customer Indifference / Habits:** Customers may have well established poor energy use habits and may be indifferent to making any behavioral changes. The awareness of energy usage in comparison to peers may not impact every customer, but in the aggregate, there is a measurable behavioral change.

SJG will seek to manage all barriers to program success through a commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. SJG established customer communication channels, data, and branding in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis. To the extent possible, SJG will cross-promote programs to spread awareness of the range of efficiency opportunities proposed in this plan.

**Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

HERs will be delivered by a competitively selected contractor. This contractor will be asked to provide hard copy mail-delivered reports and email reports. SJG will work with the selected HER contractor to determine the best suite of options to deliver to customers, including high usage warnings, targeted energy efficiency recommendations, and other updates on usage.

These reports will be provided to customers at no charge and customers will be permitted to opt-out of the program at any time.

To select qualified third-party implementation contractors, SJG will prioritize criteria including but not limited to:

- Experience delivering similar programs or initiatives
- Resources and marketing strength
- Cost
- The amount of business placed with minority, women, veteran and service-disabled veteran owned businesses (“MWVBEs”).

**Existing and Proposed Incentives Ranges (MFR II.a.iii) (MFR II.a.iv)**

The HER program and associated service is provided at no cost to SJG customers and they are able to opt-out at any time.

**Customer Financing Options (MFR II.a.vi)**

The HER subprogram will not utilize financing.

**Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**



SJG residential customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data. Customers can also access historic usage data through the SJG home energy report portal usage using the Green Button option.

### **Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this program. All values are annual incremental totals, and do not incorporate savings achieved in prior years. Participants in the context of the home energy report subprogram are defined as a customer receiving reports over a one-year period. Savings estimates are based on projected participation during each year of the forecast period.

*Table 11. Home Energy Report Program Estimated Participation and Savings*

<b>Metric</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Estimated Participants	150,000	150,000	150,000
Projected Net Annual Natural Gas Savings (therms)	634,197	556,939	466,642
Projected Net Lifetime Natural Gas Savings (therms)	1,358,284	1,192,817	999,426
Projected Net Lifetime Natural Gas Savings from Qualifying Low-Income Customers (therms)	0	0	0
Projected Net Annual Electric Savings (kWh)	0	0	0
Projected Net Lifetime Electric Savings (kWh)	0	0	0
Projected Net Lifetime Electric Savings from Qualifying Low-Income Customers (kWh)	0	0	0
Projected Net Annual Peak Demand Savings (kW)	0	0	0
Projected Net Lifetime Peak Demand Savings (kW)	0	0	0

For customers in areas where gas and electric service territories overlap, the utilities will use the Statewide Coordinator to allocate costs and energy savings for shared measures. Refer to Section 6 for a description of the role of the Statewide Coordinator.

### **Program Budget (MFR II a.xi) (MFR II.a.xii)**

The following table provides the subprogram budget broken down by the following categories: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

*Table 12. Home Energy Report Estimated Program Expenditures by Cost Category and Year*

<b>Cost Category</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
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Capital Cost	0	0	0
Utility Administration	46,875	46,875	46,875
Marketing	0	0	0
Outside Services	0	0	0
Incentives-rebates and other	937,500	937,500	937,500
Incentives-financing	0	0	0
Inspections and Quality Control	0	0	0
Evaluation	32,813	32,813	32,813
Total	1,017,188	1,017,188	1,017,188

### 1.4.2. Existing Homes: Quick Home Energy Check-Up (QHEC)

The Quick Home Energy Check-Up (“QHEC”) subprogram is an Additional Utility Led Initiative intended to provide residential customers with an understanding of opportunities to save energy and help them start saving energy immediately by providing some standard energy saving measures at no additional cost to participants. Interested customers will sign up for a QHEC to be performed by a qualified energy auditor. SJG intends to launch the subprogram using a participating contractor. During the visit, the auditor will perform a walk-through of the customer’s home with the customer to provide education about the opportunities to save energy. The auditor may also identify any health and safety issues observed as well as larger opportunities for energy savings, including making referrals to other energy efficiency programs and program opportunities based on the needs for that premise and the customer’s interest in pursuing additional upgrades. This may include sharing information about the products and incentives available under the Energy Efficient Products program, the potential for comprehensive upgrades through either the HPwES subprogram, the Moderate-Income Weatherization sub-program, or the Comfort Partners program. This no-risk subprogram addresses all customer demographics and is intended to appeal to and provide benefits to both renters and homeowners.

The QHEC subprogram will be available to all single-family and single-family attached (1 to 4 unit properties)<sup>4</sup> electric and/or natural gas customers served by at least one of the participating investor owned utilities in New Jersey. Standard energy efficiency measures installed during that visit may include but not be limited to LED bulbs, energy and water saving showerheads, kitchen faucet aerators, bathroom faucet aerators, gaskets, power strips and other energy saving measures. All participants will receive a QHEC report that confirms the findings during the appointment and summarizes the measures received and the recommendations made. The QHEC report will also

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<sup>4</sup> Properties larger than 4 units will be referred for consideration in the Multifamily Program.

highlight incentives available to support the implementation of those recommendations, including educating customers about how to pursue the recommendations through other program and sub-program opportunities as well as the availability of enhanced incentives. There are also additional options through other program and subprogram offerings for Low-to-Moderate income (“LMI”) customers (up to 400% of Federal Poverty Level or potential automatic eligibility based on physical location) and access to OBRP or financing with similar terms. Eligibility for these enhanced incentives can be determined based on screening an individual customer but the utilities also intend to explore implementing automatic eligibility for enhanced incentives based upon a physical location (e.g. census tract, environmental justice community, Urban Enterprise Zone) to encourage more activity in LMI communities.

### **Marketing Plan (MFR II.a.xiv)**

SJG will utilize various marketing channels to assure subprogram awareness and participation is maximized. These may include traditional marketing channels, such as web-based engagement and information, digital advertising, media advertising, and printed materials. SJG also plan to cross promote this subprogram to participants in other energy efficiency program offerings. Information garnered from other program and subprogram offerings, such as the Residential Behavioral and Residential Efficient Products could also be used to identify prime candidates for participation in this QHEC subprogram. For example, a review of usage data contained in Home Energy Reports from the Residential Behavioral Subprogram would allow the SJG to identify customers who are particularly susceptible to changes in weather and would be ideal candidates for a QHEC. Likewise, the Residential Efficient Products program would provide leads to customers interested in energy efficiency. Most importantly, the QHEC subprogram was specifically designed to engage and provide immediate energy savings to customers and identify strong leads for candidates that would benefit from participating in other programs.

The primary market barriers that impact this subprogram include:

- **Customer Awareness and Engagement:** Residential customers may not be fully aware of energy-efficiency opportunities for their home. This subprogram addresses this barrier by providing an independent professional assessment. SJG will focus on promoting the subprogram to underrepresented demographics. SJG will also provide outreach materials in Spanish and can reach younger demographics through a robust digital marketing plan. SJG will also focus outreach efforts on reaching the highest gas users.
- **Up-front Cost of a Home Energy Assessment:** Many customers would not be interested or have the ability to pay the cost for an assessment. This subprogram addresses this barrier by offering the QHEC at no additional cost to the customer .
- **Split Incentives:** Many renters may not consider participating in energy efficiency programs because they don’t own the premise and don’t have a role in decisions regarding equipment replacement or structural improvements. This subprogram addresses this barrier by providing simple energy efficiency measures that provide immediate energy savings and don’t require landlord approval to install or use (e.g. smart strips, LEDs).

SJG will seek to manage all barriers to program success through a commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. SJG's established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis.

**Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

The QHEC in-home assessment will be delivered by a network of third-party contractors who are trained to perform the home energy assessments and install measures. Customers will enroll in the program by calling SJG's toll-free number, signing up online, or enrolling directly with a participating contractor. When it comes time for the visit, the contractor will arrive and inspect different parts of the house and equipment. This assessment will include reviewing:

- Lighting throughout the house
- Heating and cooling systems
- Insulation in walls, basements, and attics
- Appliances
- Windows and doors
- Water heating equipment

Based on the assessment the contractor will install direct install measures including LED light bulbs, hot water pipe insulation, efficient showerheads, faucet aerators, and smart power strips. Following the installation there will be a meeting with the customer to present a home energy assessment report with customized recommendations for further energy efficiency upgrades.

Contractors are the primary delivery method for the QHEC program. For the in-home assessment path, SJG will select qualified contractors based on a rolling request for qualifications process. These contractors will have responsibility for delivering the in-home assessment, installing measures, and providing home energy reports to customers. These contractors will also be responsible for marketing their services on their website and through other channels.

To select qualified third-party implementation contractors, SJG will prioritize criteria including but not limited to:

- Experience delivering similar programs or initiatives
- Resources and marketing strength
- Cost
- The amount of business placed with minority, women, veteran and service-disabled veteran owned businesses ("MWVBEs").

**Existing and Proposed Incentives (MFR II.a.iii) (MFR II.a.iv)**

SJG will provide the QHEC to their interested customers at no additional cost, including the installation of standard energy efficiency measures that are appropriate for their home. Participating customers will also benefit from receiving energy efficiency conservation tips,

recommendations and referrals to other energy efficiency programs based upon the opportunities identified for their home.

This program provides a no-cost audit and no-cost direct install measures, therefore there is no direct incentive payment to the customer to process.

#### **Customer Financing Options (MFR II.a.vi)**

Financing is not applicable for this program.

#### **Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG residential customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data. Customers can also access historic usage data through the SJG home energy report portal usage using the Green Button option.

#### **Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this program. All values are annual incremental totals, and do not incorporate savings achieved in prior years. A participant is defined as a completed job at a customer home in the context of the QHEC subprogram. Savings estimates are based on projected participation during each year of the forecast period.

*Table 13. QHEC Estimated Participation and Savings*

<b>Metric</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Estimated Participants	850	1,200	1,500
Projected Net Annual Natural Gas Savings (therms)	24,029	33,923	42,404
Projected Net Lifetime Natural Gas Savings (therms)	183,912	259,640	324,550
Projected Net Lifetime Natural Gas Savings from Qualifying Low-Income Customers (therms)	0	0	0
Projected Net Annual Electric Savings (kWh)	736,033	1,039,105	1,298,882
Projected Net Lifetime Electric Savings (kWh)	8,514,127	12,019,944	15,024,931
Projected Net Lifetime Electric Savings from Qualifying Low-Income Customers (kWh)	0	0	0
Projected Net Annual Peak Demand Savings (kW)	8	11	14
Projected Net Lifetime Peak Demand Savings (kW)	90	127	159

For customers in areas where gas and electric service territories overlap, the utilities will use the Statewide Coordinator to allocate costs and energy savings for shared measures. Refer to Section 6 for a description of the role of the Statewide Coordinator.

**Program Budget (MFR II a.xi) (MFR II.a.xii)**

The following table provides the subprogram budget broken down by the following categories: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

*Table 14. QHEC Estimated Program Expenditures by Cost Category and Year*

<b>Cost Category</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Capital Cost	0	0	0
Utility Administration	40,963	54,873	65,136
Marketing	19,258	26,685	32,768
Outside Services	116,592	155,673	184,160
Incentives-rebates and other	411,188	580,500	725,625
Incentives-financing	0	0	0
Inspections and Quality Control	6,268	7,276	7,256
Evaluation	14,392	20,318	25,397
<b>Total</b>	<b>608,661</b>	<b>845,324</b>	<b>1,040,342</b>

**1.4.3. Existing Homes: Moderate-Income Weatherization**

The Moderate-Income Weatherization subprogram provides an opportunity for low- to moderate-income customers to receive energy efficiency measures and upgrades at no additional cost. Income eligible customers will undergo an audit and then receive direct install measures (such as showerheads, faucet aerators, and LED bulbs) and weatherization measures (insulation, air sealing, and duct sealing). Homeowners with nonfunctional heating and/or cooling systems may also be eligible to receive repairs or replacement at no additional cost. The subprogram will include a cap on each project with additional funding for health and safety expenses.

During the audit, customers will receive installation of low-cost measures such as LED lighting, energy-saving aerators, showerheads, smart thermostats and smart power strips at no additional cost, in addition to behavioral suggestions to improve efficiency of the home and a review of thermostat and water heating setpoints. Based on the in-home audit recommendations, the participant may also be given the opportunity for additional building envelope measures to be installed at no additional cost. These measures include air sealing and building insulation. Also, customers with nonfunctional heating and cooling equipment may receive repairs or new equipment.

**Target Market or Segment (MFR II.a.ii)**

The Moderate-Income Weatherization subprogram will be available to all income-qualified single-family homes served by at least one investor-owned utility in New Jersey. To qualify for this subprogram, the customer's household income must be above the Comfort Partners program eligibility and up to 400% of Federal Poverty Income Guidelines. Eligibility for these enhanced incentives can be determined based on screening an individual customer but SJG also intends to explore implementing automatic eligibility for enhanced incentives based upon a physical location (e.g. census tract, environmental justice community, Urban Enterprise Zone) or based upon participation in a qualifying program (e.g. PAGE assistance program) to encourage more activity in LMI communities.

### **Marketing Plan (MFR II.a.xiv)**

SJG will utilize many marketing avenues to educate potential eligible customers about the subprogram. These include traditional marketing avenues, such as web-based engagement and information, digital advertising, and hard-copy materials to promote customer awareness. SJG intends to cross market this subprogram and pursue additional marketing opportunities through other program offerings, such as through Home Energy Reports, where information garnered could be used to identify potential participants for this subprogram. For example, a review of usage data contained in Home Energy Reports could allow SJG to identify customers who are particularly susceptible to changes in weather and would be ideal candidates for an audit and comprehensive weatherization. SJG will also look at customers that did not qualify for the Comfort Partners program that might be eligible for this subprogram. Finally, SJG customer service personnel will work to promote the subprogram and educate customers on energy efficiency and the programs available to assist them.

The primary market barriers that impact this subprogram include:

- **Initial Cost of Comprehensive Home Retrofits:** Comprehensive home retrofits are more expensive and require more participant investment and commitment. Customers must be willing and able to invest in more expensive energy-efficiency projects. SJG addresses this barrier by offering all subprogram services at no additional cost to income-qualified customers.
- **Customer Awareness and Engagement:** Many customers are unaware of the “whole house” approach to energy-efficiency or the fact that building science exists. SJG will work to address this by:
  - continuing to educate customers about the subprogram and how both the structure and equipment work together;
  - highlighting the extra training and BPI certification that contractors must have;
  - identifying how the shell measure improvements can improve their comfort within the home;
  - noting that the subprogram includes health and safety testing and repairs to allow energy-saving measures to be installed;
  - reinforcing that the installation of equipment and shell measures may increase the value of their home.



To increase subprogram participation among historically underrepresented demographics, SJG will provide outreach materials in Spanish, and reach younger demographics through a robust digital marketing plan.

- **Awareness and Training:** To meet the participation goals, sufficient qualified contractors must be available to undertake the work. SJG and/or their third-party implementation contractors will address this barrier by trying to recruit qualified contractors to participate in this subprogram, including pursuing initiatives that align with the Workforce Development Working Group strategies to include more local, under-represented and disadvantaged workers.
- **Customer Skepticism:** Customers may be skeptical of the motivation behind energy efficiency programs. To address this skepticism, SJG will provide outreach and messaging from credible sources, including community groups, and local leaders in low to moderate income areas.
- **Complex Buying Process:** There can be a broad range of potential energy efficiency investments, but it can be challenging to identify which strategies may be the most beneficial. This sub-program addresses this barrier by providing free installation of low hanging fruit measures, and technical guidance and support in implementing more extensive and costly measures.

SJG will seek to manage all barriers to success through a commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. SJG's established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis.

**Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

SJG staff and/or third-party implementation contractors will oversee all aspects of the subprogram, including contractor training and engagement, quality assurance and fulfillment of subprogram services. The in-home energy audit and efficiency improvements will be conducted by third-party implementation contractors and/or program contractors. There will be a significant focus on developing and training qualified contractors. SJG and/or third-party implementation contractors will oversee their staff and subcontractors and engage contractors to educate them on the subprogram benefits to reliably complete the in-home audits and install energy efficient equipment and improvements for participating customers. SJG and/or third-party implementation contractors will also verify eligibility of customers and will maintain a close relationship with contractors to ensure consistent subprogram delivery experience and high customer satisfaction. SJG and/or third-party implementation contractors will also monitor participation to assess the effectiveness of outreach efforts and that the subprogram is effectively achieving participation and serving customers. SJG staff and/or third-party contractors will also take on the responsibility of providing an additional layer of customer support as needed and conducting selective verification of contractor installation work.



Contractors will consist of companies employing BPI-certified professionals to complete audits and energy-saving projects.

Selection of third-party implementation contractors will prioritize criteria including but not limited to:

- Experience delivering similar subprograms or initiatives;
- Knowledge of the current marketplace;
- Ability to educate and train contractors;
- Local presence;
- Cost;
- The amount of business placed with minority, women, veteran, and service-disabled veteran owned businesses.

### **Existing and Proposed Incentives Ranges (MFR II.a.iii) (MFR II.a.iv)**

The customer may receive no-cost energy efficiency measures and upgrades with a per project cap for weatherization measures and an additional cap on health and safety expenses. Additional information on incentives is contained in Exhibit B.

### **Customer Financing Options (MFR II.a.vi)**

The program provides a no-cost audit and 100% incentives; therefore no financing of project costs is necessary.

### **Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG residential customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data. Customers can also access historic usage data through the SJG home energy report portal usage using the Green Button option.

### **Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this program. All values are annual incremental totals, and do not incorporate savings achieved in prior years. A participant is defined as a completed job at a customer home in the context of the Moderate Income Weatherization subprogram. Savings estimates are based on projected participation during each year of the forecast period.

*Table 15. Moderate Income Weatherization Estimated Participation and Savings*

<b>Metric</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Estimated Participants	350	400	700
Projected Net Annual Natural Gas Savings (therms)	57,536	65,755	115,072

Projected Net Lifetime Natural Gas Savings (therms)	1,056,388	1,207,301	2,112,777
Projected Net Lifetime Natural Gas Savings from Qualifying Low-Income Customers (therms)	1,056,388	1,207,301	2,112,777
Projected Net Annual Electric Savings (kWh)	319,231	364,835	638,462
Projected Net Lifetime Electric Savings (kWh)	4,257,989	4,866,273	8,515,978
Projected Net Lifetime Electric Savings from Qualifying Low-Income Customers (kWh)	4,257,989	4,866,273	8,515,978
Projected Net Annual Peak Demand Savings (kW)	8	10	17
Projected Net Lifetime Peak Demand Savings (kW)	153	175	305

For customers in areas where gas and electric service territories overlap, the utilities will use the Statewide Coordinator to allocate costs and energy savings for shared measures. Refer to Section 6 for a description of the role of the Statewide Coordinator.

#### **Program Budget (MFR II a.xi) (MFR II.a.xii)**

The table below summarizes the projected participation and savings associated with this subprogram. All values are annual incremental totals, and do not incorporate savings achieved in prior years. Savings estimates are based on projected participation during each year of the forecast period.

*Table 16. Moderate Income Weatherization Estimated Program Expenditures by Cost Category and Year*

<b>Cost Category</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
<b>Capital Cost</b>	0	0	0
<b>Utility Administration</b>	261,256	283,309	470,815
<b>Marketing</b>	122,827	137,775	236,856
<b>Outside Services</b>	743,608	803,740	1,331,145
<b>Incentives-rebates and other</b>	2,622,487	2,997,128	5,244,974
<b>Incentives-financing</b>	0	0	0

<b>Inspections and Quality Control</b>	39,977	37,564	52,450
<b>Evaluation</b>	91,787	104,899	183,574
<b>Total</b>	3,881,942	4,364,416	7,519,813

## 1.5. Commercial & Industrial Additional Utility-Led Programs

**Energy Solutions for Business: Engineered Solutions:** This subprogram provides tailored energy efficiency savings for medium to large commercial customers, including municipalities, universities, schools, hospitals, and non-profit entities.

**Energy Solutions for Business: Energy Management:** This subprogram provides incentives to C&I customers to more efficiently manage energy consumption at facilities. The subprogram includes incentives for several approaches to energy management focused on optimizing equipment and processes at commercial facilities.

### 1.5.1. Energy Solutions for Business: Engineered Solutions

The Energy Solutions for Business-Engineered Solutions subprogram will provide tailored energy-efficiency assistance to public service entities, such as municipalities, universities, schools, hospitals and healthcare facilities, (“MUSH”), and non-profit entities. The subprogram will provide guided consultative service throughout delivery to assist customers in identifying and undertaking large energy-efficiency projects, while requiring no up-front funding from the customer.

Through this subprogram, customers will be provided with an in-depth audit of their facilities as well as a detailed assessment and recommendation of energy-efficiency measures that could be economically installed. Customer incentives are determined on a project-by-project basis. Selection of trade allies will be subject to a competitive solicitation process. In addition to the calculated project-by-project incentive, participants will have the option to pay back the non-incentive portion of the project costs through on-bill repayments or access to financing with similar terms. Through this subprogram design, participants in market segments that have typically been underserved are able to achieve greater energy savings.

#### **Target Market or Segment (MFR II.a.ii)**

C&I MUSH and non-profit entities and other businesses who are seeking comprehensive solutions that can't be served by either the Direct Install or Prescriptive and Custom Measures subprograms located within SJG's service territory are eligible to participate in this subprogram. The subprogram will provide energy audits and incentives to entities that directly serve the public, but often have difficulty investigating and investing in energy-efficiency. The measures included in this subprogram may include HVAC, building envelope, motors, lighting, controls, and other building systems, energy efficiency and energy consuming equipment.

### Marketing Plan (MFR II.a.xiv)

SJG will leverage existing relationships with municipalities, universities, schools and other public agencies to promote the subprogram, and will conduct further outreach through school, university and municipal associations. The subprogram will leverage SJG's existing relationships and communication channels with customers through subprogram staff and account management/customer service personnel. In addition, the subprogram will work with hospitals, healthcare facilities, and non-profits to increase awareness of the subprogram.

The primary market barriers that impact this subprogram include:

- **Business/Operational Constraints:** These facilities often have unique operational constraints that act as a barrier to implement energy-efficiency projects. This barrier will be addressed by ensuring the subprogram operates cooperatively with participants by accommodating operational and capital investment cycles. SJG will offer timely incentive and financing support and provide technical assistance from specialized professionals who understand each facility's core production processes and operating issues.
- **Risk, Uncertainty, and Hidden Costs:** These market segments may be particularly averse to risk and the potential for hidden costs in efficiency upgrades. To mitigate risk and uncertainty concerns SJG will publicly communicate cycles of energy efficiency funding to serve as an investment signal for customers and trade allies.
- **Customer Awareness and Engagement:** Eligible participants may be unaware of energy-efficiency opportunities and programs because the segment has historically not been well served by traditional energy-efficiency programs. To address this barrier, this subprogram was designed specifically to support the segment. The subprogram will include a targeted outreach strategy to ensure that relevant customers are aware of subprogram opportunities and consider energy-efficiency in equipment investments and long-term planning. The subprogram will prepare and distribute successful case studies of prior participants and their experiences and energy savings.
- **Cost-Effectiveness:** Efficiency upgrades require an initial investment that is recovered by lower long-run operating costs and non-energy benefits. These projects often carry longer payback periods than traditional energy-efficiency projects due to the unique needs of the segment (e.g. hospital & health buildings). To address this barrier, incentives and on-bill repayment or access to financing with similar terms is provided to the customer to reduce the initial cost, and subprogram will endeavor to communicate the non-energy benefits offered by many efficiency upgrades that are not well captured in traditional cost/benefit analysis.

SJG will seek to manage all barriers to program success through a commitment to applying best practices in program design, delivery, outreach, and marketing/advertising. SJG's established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver best-practice programs that identify and confront market barriers on an ongoing basis. To the extent possible, SJG will cross-promote programs to spread awareness of the range of efficiency opportunities proposed in this plan.

**Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

SJG will retain qualified vendors to undertake the audit and engineering services required to deliver this program. Participants will contract with preferred installation trade allies to install the measures included in projects.

The program delivery will typically occur in four steps:

- **Audit:** SJG will assess the required level of an American Society of Heating, Refrigerating, and Air Conditioning Engineers (“ASHRAE”) audit to perform, based on the complexity of the facility and the potential energy efficiency measures; an investment grade audit may not be required for all facilities. SJG will then select a subprogram trade ally to perform the appropriate level energy audit and prepare a customized audit report that includes a list of recommended energy efficiency upgrades. SJG and our Partner Utility will then review the recommended energy efficiency upgrades with the customer to determine whether to proceed with a project.
- **Engineering Analysis of Project:** Based on the audit results and customer feedback, an engineering analysis may be required. SJG, as the Lead Utility, will conduct a screening of the payback and project cost effectiveness and recommend the selected energy-efficiency measures for the project. SJG will review the project with the Customer for customer agreement on the approved project and coordinate with the Partner Utility as necessary. SJG and a subprogram engineering trade ally will work with the customer to prepare a Scope of Work and other project documents, which will be used by the customer to obtain installation cost estimates for the approved project.
- **Scope of Work/Contractor Bids:** The customer will issue a Scope of Work to obtain competitive bids to complete the identified and approved project. SJG and the subprogram engineering trade ally and the customer will review and evaluate the bids/costs received, and the customer will make the final decision on bid selection. Following bid selection, the proposed project is again screened for cost effectiveness.
- **Measures Installation and Inspections:** SJG and the subprogram engineering trade ally, acting as construction administration agent, will monitor project progress and will release project funds based on the following payment structure:
  - Stage 1: Project Contracting Stage - The first progress payment of up to 30% of the installation cost can be issued to the customer to initiate the project.
  - Stage 2: Construction Stage - A pre-defined series of progress payments totaling up to 50% of total project commitment can be issued.
  - Stage 3: Project Completion and Commissioning - When the project is 100% complete, a final inspection and final project true-up will be performed; remaining progress payments will be issued.

The final payment based on the results of project true-up is determined and issued only if the final inspection is successfully completed and approved. If the final costs are less than the estimated project commitment, the final payment will be adjusted down to reflect the actual costs. If the final costs are greater than the estimated project commitment, the final payment will not be adjusted and will be paid according to the executed agreements and contracts specifying original costs.

The progress payment schedule described above is designed to ensure that customers can pay their installation contractors on a timely basis. Project progress and the project cash flow will be monitored and verified by the SJG and the trade ally engineering firm with updates to the Partner Utility as appropriate.

SJG will select qualified subprogram trade allies to undertake all auditing and engineering work associated with the subprogram. SJG will also monitor participation to assess the effectiveness of outreach efforts, incentive levels, delivery methods, and subprogram trade ally and installation contractor availability and provide suggestions for improvement. The installation contractor(s) will adhere to the project specifications recommended by SJG and the subprogram engineering trade ally and set forth between the installation contractor and the customer.

Selection of subprogram trade allies will prioritize criteria including but not limited to:

- Experience delivering similar subprograms or initiatives;
- Knowledge of the current marketplace;
- Resources and marketing strength;
- Local presence;
- Cost;
- The amount of business placed with minority, women, veteran and service disabled veteran owned businesses.

By allowing participants to select a trade ally they are comfortable with for select products (either through an existing relationship or by reference from SJG), the program reduces barriers to entry related to knowledge of energy efficiency, confidence in assessments, and measure installation. SJG will perform customer satisfaction and other quality assurance and quality control activities to monitor, ensure program and verify quality standards are met.

SJG's service territory overlaps with Atlantic City Electric Company ("ACE"), and there will be coordination between the utilities for customer projects that span both service territories. For customers that are served by both SJG and ACE, SJG will take the lead in coordinating the audit with a contractor common to both utilities. The measures selected for the project will determine which utility takes the lead role with the customer; if the measures are predominately gas, SJG will take the lead, and if the measures are predominately electric, ACE will lead. Both utilities will be part of the measure selection, engineering analysis, and final inspection of the project. Savings will be allocated by fuel based on the projected energy savings of the project. Each utility will be responsible for providing incentives for their respective fuel, and costs will be split in proportion to savings on a MMBtu basis, or as negotiated by the utilities per project.

**Existing and Proposed Incentives Ranges (MFR II.a.iii) (MFR II.a.iv)**

The subprogram will provide a 100% incentive for an up-front ASHRAE audit, the specific audit level will be determined on a project by project basis based on the complexity of the facility and the potential energy efficiency measures. In addition, SJG will buy-down the simple payback of the recommended energy-efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years. After the project incentive buy-down, the remaining

project costs may be funded by the subprogram with participants repaying the balance of the project costs through OBRP or access to financing with similar terms.

SJG will retain the option and flexibility to adjust the incentive offered to participants to enable a whole-building approach that will include additional energy efficiency measures in the project.

The full cost of the energy efficiency projects (including engineering, transaction costs and cost of construction) will be covered through a combination of program incentive and customer repayments. Detail on program incentives is provided in Appendix B.

#### **Customer Financing Options (MFR II.a.vi)**

SJG will provide interest free on-bill repayment for customers to repay the non-incentive portion of the project over time.

Refer to Appendix C for the Summary of Proposed Financing for this program.

#### **Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG commercial customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data.

#### **Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this subprogram. All values are annual incremental totals, and do not incorporate savings achieved in prior years. Estimated participants in the context of the Engineered Solutions sub-program are number of completed projects committed. Savings estimates are based on projected participation during each year of the forecast period.

*Table 17. Engineered Solutions Program Estimated Participation and Savings -Represents all savings from lead utility projects*

<b>Metric</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Estimated Participants	0	0	1
Projected Net Annual Natural Gas Savings (therms)	0	0	43,918
Projected Net Lifetime Natural Gas Savings (therms)	0	0	878,361
Projected Net Lifetime Natural Gas Savings from Qualifying Small-Business Customers (therms)	0	0	0
Projected Net Annual Electric Savings (kWh)	0	0	613,552
Projected Net Lifetime Electric Savings (kWh)	0	0	12,271,044
Projected Net Lifetime Electric Savings from Qualifying Small-Business Customers (kWh)	0	0	0
Projected Net Annual Peak Demand Savings (kW)	0	0	17
Projected Net Lifetime Peak Demand Savings (kW)	0	0	342



**Program Budget (MFR II a.xi) (MFR II.a.xii)**

The following table provides the subprogram budget broken down by the following categories: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

*Table 18. Engineered Solutions Estimated Program Expenditures by Cost Category and Year*

<b>Cost Category</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Capital Cost	0	0	0
Utility Administration	0	0	102,313
Marketing	0	0	51,471
Outside Services	0	0	289,273
Incentives-rebates and other	0	0	1,139,792
Incentives-financing	0	0	683,687
Inspections and Quality Control	0	0	11,398
Evaluation	0	0	63,822
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,341,757</b>

### **1.5.2. Energy Solutions for Business: Energy Management**

The C&I Energy Management subprogram targets energy savings for existing commercial and industrial facilities by providing a holistic approach to improving building energy performance through maintenance, tune-up and retro-commissioning services for existing buildings and through the implementation of energy savings strategies that improve the overall operation and energy performance of buildings and building systems. This subprogram compliments the Prescriptive/Custom and Engineered Solutions subprograms which focus on capital equipment replacement or process improvement investments by improving the energy performance of a building by maintaining, adjusting and optimizing the systems within the building and the implementation of complimentary energy savings measures. The program also provides paths to track the ongoing building energy performance by using retro-commissioning and strategic energy management strategies, which ensures continued energy performance. By implementing these measures, customers also receive ancillary benefits including improved occupant comfort, lower maintenance costs, and extended equipment life.

This subprogram includes measures that focus on specific energy efficiency measures and management practices that can be categorized as follows:



## **Building Operations**

Building Operations measures provide multiple paths for a customer to implement building tune-up and maintenance services. These measures are designed to focus on midsize commercial and industrial customers and include the following:

- **HVAC Tune-Up:** Provides for a tune-up of central HVAC systems, Mini-Splits and Packaged Terminal units, and include the following measures:
  - Refrigeration charge correction (if needed)
  - Cleaning evaporator and condenser coils
  - Filter changes
  - Verification of proper operation of fans and motors
  - Other minor repairs to refrigerant lines and coils
  
- **Building Tune-Up:** Provides a path for customers to implement a Building Tune-Up that will focus on the adjustment and calibration of building systems and controls, diagnostic testing and the installation of other measures that enhance building energy performance and savings. Also includes application of controls to optimize operation of building systems, and includes the following measures:
  - Calibration of building systems and controls, including energy management systems, lighting and HVAC
  - Diagnostic and function tests of applicable major systems and equipment
  - HVAC controls to optimize Roof Top Units (RTU)/Air Handling Units (AHU)
  - Refrigeration controls to optimize refrigeration equipment
  - Lighting upgrades including application of lighting controls and optimization
  - Chiller system controls to optimize chiller performance
  - Other program eligible energy saving measures identified through the building assessment
  - Building Operations Training for qualified personnel to obtain Building Operations Certification (BOC) through a certified training program or other training programs as related to the efficient design, operations and maintenance of buildings.

## **Retro-Commissioning (RCx)**

Retro-Commissioning (“RCx”) measures provide a comprehensive assessment of a customer’s commercial/industrial building by using a prescribed planning process that includes a building audit, development of an action plan for the building and development of a Measurement and Verification (“M&V”) plan to ensure the optimum on-going performance of the building and building systems. A comprehensive assessment of a commercial/industrial building using a prescribed planning and implementation process, including:

1. Audit Phase – Customer confirms intent to participate in the subprogram and registers with SJG. Customer and/or the customer’s consultant completes the required level of an American Society of Heating, Refrigerating, and Air Conditioning Engineers (“ASHRAE”) audit based on the complexity of the facility, develops a retro-commissioning implementation plan, including project timelines and plan to implement audit identified operation and maintenance measures. There may be opportunities to complete this Phase without a full ASHRAE level audit.
2. Setup Phase - Contracted services to implement the plan are verified, long-term monitoring and reporting is developed and initiated, and a project plan is implemented by the customer.
3. M&V Phase - Savings verification and rebate payment from implementation of the plan is completed.

Typical Retro-Commissioning measures include, but are not limited to:

- Optimizing chiller and boiler operations to better match building load conditions
- Reducing ventilation in over-ventilated areas
- Fixing ventilation dampers that are open when they should be closed or vice versa
- Decreasing supply air pressure setpoint and system rebalancing
- Aligning zone temperature setpoints to match the building’s actual operating schedule
- Virtual Commissioning (VCx)

As an option to performing an on-site audit to develop a retro-commissioning plan, VCx option provides eligible customers with an analysis of their building’s energy performance by using meter usage data, other data and building modeling to identify and recommend energy efficiency measures and operational changes to improve a building's overall energy performance. The analysis will foster participation in the utility’s other programs by identifying and encouraging customers to implement other energy efficiency improvements. The VCx process can also utilize benchmarking and peer comparison metrics to help determine energy performance to identify facilities that are underperforming. This offering can also use continuous engagement, monitoring and periodic reviews of customer’s energy usage to ensure that implemented measures or changes have been successfully completed. The use of building analysis using remote analysis techniques will also help customers to participate in the programs because of limited access to customer’s facilities due to concerns and restrictions such as COVID-19.

### **Strategic Energy Management (SEM)**

The Strategic Energy Management (“SEM”) component of this subprogram is designed to optimize energy consumption for larger C&I customers through long term management of major energy using systems. SEM provides a holistic approach that is focused on management of existing systems and processes (including behavior), as well as tracking and benchmarking performance to identify and evaluate energy optimization efforts. SEM is a long-term effort typically focused on developing and executing an energy management strategy. This strategy is formulated through a series of site and/or remote visits and interviews with building owners and staff to specifically develop a Strategic Energy Management Plan (“SEMP”) for the customer’s facility. The SEMP

will be reviewed with the customer by the utility and/or its third-party implementation contractor on a scheduled basis. This plan may include:

- Revisions or improvements to an existing Building Automation System or the addition and initiation of the use of a Building Automation System to monitor and control the buildings components and systems. The implementation or improvements to a system or the review of an existing system, can include the proper training for building operators to achieve maximum efficiency.
- Development of a maintenance plan for existing building components and or systems to identify best practices in building performance and an interactive monitoring of system components by both staff and sponsoring utilities.
- Ongoing engagement to track energy usage and performance, assist with planning energy efficiency projects, and interact with facility personnel to adopt energy efficiency strategies and behaviors.
- Utilizing other subprogram offerings, including: Prescriptive/Custom measures, Building Tune-Up, RCx, and VCx.
- Using building modeling and benchmarking to compare customer's usage and performance to cohort of similar facilities and VCx to track energy usage and performance over time.
- Application of whole building energy modeling tools that can model buildings for both operational and capital improvements.
- Scheduling of attendance of customer personnel to attend educational workshops, webinars and group/individual training sessions with cohorts of facility managers (e.g. Building Operations Training).

Customers can participate by application to the subprogram or will be contacted directly by subprogram personnel. The subprogram will retrieve customer demographics and obtain customer agreement for the services to be provided and handle on-going customer engagement. Incentives for improvements recommended by the subprogram will be issued after the retrofit is completed. SJG and/or a third-party implementation contractor will develop rebate application forms for this subprogram that will guide applicants through eligibility guidelines, terms and conditions, and general program information requirements. In addition, the subprogram will provide applications in web-ready formats to ensure participants and potential customers have easy access to the forms.

#### **Target Market or Segment (MFR II.a.ii)**

The C&I Energy Management subprogram will be available to all commercial, industrial, and other non-residential customers located within SJG's service territory with buildings and building systems.

Building Operations measures target existing commercial buildings and is particularly relevant for medium building types that utilize traditional building systems and controls.

Retro-commissioning targets existing commercial buildings and is particularly relevant for medium to large building types utilizing a building energy management system.

SEM targets existing large to very large commercial and industrial customers and building types and is particularly relevant to customers with significant energy use who commit to on-going participation and engagement across the organization including various levels of management and decision making.

### **Marketing Plan (MFR II.a.xiv)**

Marketing will specifically target commercial, industrial and government entities within SJG's service territory depending upon the subprogram offering. Given the subprogram's breadth of offerings, the subprogram can provide basic HVAC tune up services to medium sized commercial customers up to providing Retro-Commissioning services for the larger C&I customers that have building management technology that controls the daily operations of building lighting and HVAC systems. In many cases, customers do not maintain nor operate their existing building equipment or energy management systems, so the subprogram will focus on bringing those systems back to peak operating performance and/or implementing control schemes that will enhance the operations of those systems as well as implementing energy saving technologies that will focus on building energy savings.

SJG will leverage existing relationships with commercial and industrial customers to promote the overall subprogram. The subprogram will be specifically marketed as a comprehensive solution for a customer to improve the energy performance of their building by utilizing many of the services that the subprogram offers. The subprogram will leverage the utility's existing relationships and communication channels with customers through subprogram staff and account management teams.

The primary market barriers that impact this subprogram include:

- **Business/Operational Constraints:** These facilities often have unique operational constraints that act as a barrier to implement energy-efficiency projects and the maintenance of equipment. This barrier will be addressed by ensuring the subprogram operates cooperatively with participants, provides technical assistance, maintenance services and offers timely incentives and financing support. SJG may also engage directly with businesses to facilitate completion of subprogram applications and utility staff will serve as a direct resource to these customers.
- **Customer Awareness and Engagement:** Eligible participants may be unaware of energy-efficiency opportunities and programs because the segment has historically not been well served by traditional energy-efficiency programs. To address this barrier, this subprogram was designed specifically to support the segment. SJG will execute a targeted outreach strategy to ensure that relevant customers are aware of subprogram opportunities and consider energy-efficiency in building tune-ups, retro-commissioning and strategic energy management opportunities that will cover both short term and longer planning needs in those facilities. The subprogram will also prepare and distribute successful case studies of prior participants and their experiences and energy savings.
- **Awareness and Training:** To meet participation goals to evaluate the effectiveness of the program, sufficient qualified contractors must be available to undertake the work. SJG will address this barrier by trying to recruit qualified contractors to participate in this

subprogram, including pursuing initiatives that align with the Workforce Development Working Group strategies to include more local, under-represented and disadvantaged workers.

SJG will seek to manage all barriers to subprogram success through a commitment to applying best practices in subprogram design, delivery, outreach, and marketing/advertising. SJG's established customer communication channels, data, and brand in the marketplace will all be leveraged to deliver a best-practice subprogram that identify and confront market barriers on an ongoing basis. To the extent possible, SJG will cross-promote other programs and subprograms to spread awareness of the range of efficiency opportunities proposed in this plan.

**Implementation Plan, Delivery Method, and Contractor Roles (MFR II.a.v) (MFR II.a.viii) (MFR II.c) (MFR II.a.xiii)**

SJG will perform overall administration and oversight of the subprogram and may also choose to select third-party implementation contractors to manage delivery of this subprogram. SJG staff and/or third-party implementation contractors will oversee all aspects of the subprogram. SJG and/or third-party implementation contractors will be responsible to administer, promote and provide the subprogram to customers including staffing, processes ensuring quality and other controls supporting successful subprogram implementation. SJG staff and/or third-party implementation contractors will conduct the marketing, management, and implementation aspects of this subprogram. Marketing will target specific customer sectors, program allies and partners to ensure awareness in the subprogram and enhance customer participation. Additional target marketing will be completed to enhance participation among hard to reach customers.

SJG staff and/or third-party implementation contractors will select qualified subprogram trade ally contractors to undertake all subprogram services. Installation and maintenance trade allies must adhere to the project specifications developed by the utility and/or third-party implementation contractors. SJG will leverage its existing and or develop a network of engaged trade allies, including local construction, electrical, plumbing and other contractors, to educate them on subprogram benefits and assist with building an approved trade ally network which will reliably maintain and install energy-efficient equipment for participating customers.

SJG staff and/or third-party implementation contractors will also monitor participation to assess the effectiveness of outreach efforts, incentive levels, delivery methods, and subprogram trade ally availability and provide suggestions for improvement.

Selection of third-party implementation contractors and subprogram trade allies will prioritize criteria including but not limited to:

- Experience delivering similar subprograms or initiatives
- Knowledge of the current marketplace
- Resources and marketing strength
- Local presence

- Cost
- The amount of business placed with minority, women, veteran and service disabled veteran owned businesses (“MWVBEs”).

### **Existing and Proposed Incentives Ranges (MFR II.a.iii) (MFR II.a.iv)**

Incentives for this subprogram are structured around the measure categories that focus on specific energy efficiency measures and management practices as follows:

**HVAC Tune-Up:** Fixed incentives for the implementation of the tune-up measures based on the size of the HVAC units.

**Building Tune-Up:** Incentives that cover up to 70% of the project cost with a project cap of \$75,000 and up to 70% of the cost to attend qualified BOC training up to \$1,000 per person.

**Retro-Commissioning:** Incentives to cover up to 50% of the initial cost to perform the required ASHRAE level audit, and the remaining cost upon the customer commitment to implementation of energy efficiency measures defined by the audit. The customer will also be paid a custom incentive for the implementation of the energy efficiency measures determined through the audit. The total audit and project incentive will be capped at up to 70% of the project cost.

**Strategic Energy Management:** A third-party implementation contractor may perform an engineering assessment of the Customer’s facility to develop a SEMP or the Customer may choose to utilize a consultant of their choosing to perform an engineering assessment to develop the SEMP. Customers who utilize a consultant will receive an incentive to cover up to 50% of the initial cost of the engineering assessment, with the remaining cost upon the customer commitment to implementation of energy efficiency measures defined by the SEMP process. A tiered incentive structure for Customer engineering assessment will be utilized based upon square footage of Customer’s facility. The SEMP will identify short, medium, and long-term goals for the customer and will set identifiable metrics for mapping to the plan. For the implementation of the energy efficiency measures determined by the SEMP, the customer will be paid an incentive that is commensurate with the applicable Commercial & Industrial Program offering that the measures are attributed.

Refer to Appendix B for the Summary of Proposed Incentive Ranges for this subprogram.

The utilities and/or third-party implementation contractors will complete customer contractor payments within 60 days following completion of contractor work, submission of complete and required paperwork, and completion of program requirements such as necessary field inspections (if required)

### **Customer Financing Options (MFR II.a.vi)**

Refer to Appendix C for the Summary of Proposed Financing for this program.



**Customer Access to Current and Historic Energy Usage Data (MFR II.a.vii)**

SJG commercial customers have access to usage data through My Account, the online customer service portal, where they can pull up to 24 months of usage data.

**Projected Participants (MFR II.a.ix) and Energy Savings (MFR II.a.x)**

The table below summarizes the projected participation and savings associated with this subprogram. All values are annual incremental totals, and do not incorporate savings achieved in prior years. Savings estimates are based on projected participation during each year of the forecast period.

*Table 19. Energy Management Estimated Participation and Savings*

<b>Metric</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Estimated Participants	0	2	5
Projected Net Annual Natural Gas Savings (therms)	0	4,837	12,092
Projected Net Lifetime Natural Gas Savings (therms)	0	96,732	241,831
Projected Net Lifetime Natural Gas Savings from Qualifying Low-Income Customers (therms)	0	0	0
Projected Net Annual Electric Savings (kWh)	0	124,514	311,284
Projected Net Lifetime Electric Savings (kWh)	0	2,490,273	6,225,682
Projected Net Lifetime Electric Savings from Qualifying Low-Income Customers (kWh)	0	0	0
Projected Net Annual Peak Demand Savings (kW)	0	3	8
Projected Net Lifetime Peak Demand Savings (kW)	0	61	152

**Program Budget (MFR II a.xi) (MFR II.a.xii)**

The following table provides the subprogram budget broken down by the following categories: capital cost; utility administration; marketing; outside services; incentives (including rebates and low- or no- interest loans); inspections and quality control; and evaluation.

*Table 20. Energy Management Program Estimated Program Expenditures by Cost Category and Year*

<b>Cost Category</b>	<b>PY1</b>	<b>PY2</b>	<b>PY3</b>
Capital Cost	0	0	0
Utility Administration	0	13,482	32,007
Marketing	0	6,556	16,102

Outside Services	0	38,248	90,494
Incentives-rebates and other	0	142,626	356,564
Incentives-financing	0	28,500	71,250
Inspections and Quality Control	0	1,788	3,566
Evaluation	0	5,989	14,973
Total	0	237,189	584,956



# Program Incentives

## Residential

Table 21 – Residential Incentive Table

Residential Sector Incentives (not including financing)				
Program	Measure <sup>1</sup>	Rebate Up To Value (\$) GDC Consensus Rebate Strategy <sup>2</sup>	Unit Basis	Total Current Incentives in SJG Territory <sup>5</sup>
Efficient Products	Clothes Dryer - Tier 2	\$300	Per dryer	\$300
	EnergyStar Clothes Washer - Tier 1	\$50	Per unit	\$50
	Energy Star Clothes Washer - Tier 2	\$100	Per unit	\$100
	Energy Star Dryer	\$100	Per dryer	\$100
	Smart Thermostat	\$125	Per thermostat <sup>3</sup>	\$150
	Boiler Outdoor Reset Controls	\$200	Per boiler	\$200
	Gas Boiler 90% - 95% (\$200 supplemental incentive for LMI customers)	\$1,000	Per boiler	\$800
	Gas Boiler ≥95% (\$200 supplemental incentive for LMI customers)	\$1,200	Per boiler	\$800
	Gas Furnace - Tier 1 (≥ 95%) (\$200 supplemental incentive for LMI customers)	\$1,000	Per furnace	\$750
	Gas Furnace - Tier 2 (≥ 97%) (\$200 supplemental incentive for LMI customers)	\$1,500	Per furnace	\$1,000
	Gas Combi Heat ≥ 95 AFUE (\$200 supplemental incentive for LMI customers)	\$1,300	Per unit	\$1,300
	Gas Combi Heat ≥ 97 AFUE (\$200 supplemental incentive for LMI customers)	\$1,750	Per unit	\$1,550
	Qualifying Gas Heat with Qualifying Gas Water Heat (\$200 supplemental incentive for LMI customers)	\$1,300	Per unit	\$1,300
	HVAC Quality Install	\$450	Per unit	New
	Gas Storage Tank Water Heater - Power Vented < 55 gallons ≥ .64UEF	\$500	Per unit	\$400
	Gas Storage Tank Water Heater - Power Vented WH, ≥ 55 gallons, UEF ≥ .85	\$750	Per water heater	\$400
	Gas Storage Tank Water Heater - Power Vented Instant WH, UEF ≥ .87	\$750	Per water heater	\$400
	Indirect-fired Storage Tank Water Heater	\$250	Per water heater	\$500 *
	Properly Maintained Boiler (Tune-up Boiler)	\$250	Per boiler	New
	Properly Maintained Furnace (Tune-up Furnace)	\$250	Per furnace	New
Marketplace Products Other Than Thermostat	50% Discount	Per customer	50% Discount	

	Kits	\$60	Per customer	50% Discount Free for LMI
Comprehensive Residential Programs				
Program	Subprogram	Description	Total Current Incentives in SJJ territory	
Existing Homes	Home Performance with Energy Star (HPwES) <sup>4</sup> (all rebates not to exceed 50% of costs)	Customer will receive a BPI-certified audit. The following incentive structure will be used: Customer must have a minimum savings percentage of 5% based on modeled reduction of consumption; Rebate is \$2,000 + \$200 for each percentage point of savings above 5%; Rebate Cap = \$6,000. Retain Contractor Production incentive of up to \$500.	Tiered incentive cash rebate of 50% of the cost of the measures used to calculate Total Energy Savings, up to \$4,000 - \$5,000 Contractor production incentive.	
	Quick Home Energy Checkup	No up front cost to customer for walk through audit with no cost or low cost measures installed at time of audit.	New	
	Moderate Income Weatherization	No up front cost to customer for BPI-certified audit with up to \$6,000 of direct install and weatherization measures and up to \$1,500 on health and safety expenses.	No up front cost to customer for BPI-certified audit with up to \$6,000 of direct install and weatherization measures. Additionally, up to \$1,000 on health and safety expenses.	

**Note**

1 - The utilities reserve the right to include additional measures that are supported by established protocols or evaluation results in the industry to ensure we include a broad range of energy savings measures to maximize energy savings for customers and avoid market disruption (e.g. new NJCEP measures added in FY21).

2 - All rebates will be offered equal to or less than the "Up To" value.

3 - The total rebate value for a smart thermostat will be up to \$125 total between both fuel utilities.

4 - Multi-family HPwES is shown on the Multi-family Schedule.

5 - Totals shown here represent the total value of rebates currently available to customers in SJJ's territory through New Jersey's Clean Energy Program and SJJ's Program.

\* - When paired with a qualifying boiler.

## Commercial Prescriptive

Table 22 – Commercial Prescriptive Incentive Table

Commercial Sector Incentives (not including financing)				
Program	Prescriptive Measure <sup>1</sup>	Rebate Up To Value (\$) GDC Consensus Rebate Strategy <sup>2</sup>	Unit Basis	Total (NJCEP & SJG) <sup>4</sup>
Energy Solutions for Businesses- Prescriptive Measures	95 AFUE Make-up Air Unit	\$8	Per kBtu/h	New
	Gas Furnace ≥ 95% AFUE	\$1,000	Per unit	\$900
	Gas Furnace ≥ 97% AFUE	\$1,500	Per unit	\$900
	Boiler Economizer Controls	\$2,700	Per unit	\$2,700
	Boiler Economizer Controls, < 800,000 Btu	\$1,200	Per unit	\$1,200
	Boiler Economizer Controls, > 4 MMBtu	\$2,700	Per unit	\$2,700
	Boiler Economizer Controls, 0.8 to 1.6 MMBtu	\$1,500	Per unit	\$1,500
	Boiler Economizer Controls, 1.6 to 3 MMBtu	\$1,800	Per unit	\$1,800
	Boiler Economizer Controls, 3 to 3.5 MMBtu	\$2,100	Per unit	\$2,100
	Boiler Economizer Controls, 3.5 to 4 MMBtu	\$2,400	Per unit	\$2,400
	Boiler HW Non-condensing, < 300 MBh	\$2	Per MBh	\$900
	Boiler HW Non-condensing, 300 to 2,500 MBh	\$2	Per MBh	\$1.75 to 1,500 MBh \$1.50 to 2,500 MBh
	Boiler HW Non-condensing, > 2,500 MBh	\$2	Per MBh	\$1.30
	Boiler Tune-up	\$1	Per kBtu/h	New
	Boiler Reset Controls	\$1	Per kBtu/h	New
	Boiler, HW Condensing - Tier 1, < 300 MBh	\$1,000	Per Boiler	\$1,000
	Boiler, HW Condensing - Tier 1, 300 to 2,500 MBh	\$3.50	Per MBh	\$1.85
	Boiler, HW Condensing - Tier 1, > 2,500 MBh	\$3.50	Per MBh	\$1.55
	Boiler, HW Condensing - Tier 2, < 300 MBh	\$1,200	Per Boiler	\$1,000
	Boiler, HW Condensing - Tier 2, 300 to 2,500 MBh	\$4	Per MBh	\$2.20
	Boiler, HW Condensing - Tier 2, > 2,500 MBh	\$4	Per MBh	\$2
	Boiler, Steam < 300 MBH Input	\$2	Per MBh	\$1.40
	Boiler, Steam All Except Natural Draft, 300 to 2,500 MBh	\$2	Per MBh	\$1.20
	Boiler, Steam All Except Natural Draft, > 2,500 MBh	\$2	Per MBh	\$1
	Boiler, Steam Natural Draft, ≤ 300 to 2,500 MBh	\$1	Per MBh	\$1
	Boiler, Steam Natural Draft, > 2,500 MBh	\$1	Per MBh	\$0.70

Commercial Combination Oven/Steamer	\$2,000	Per oven/steamer	\$2,000
Commercial Conveyor Oven	\$1,500	Per oven deck	\$500
Commercial Dishwashers, Door Type High Temp	\$750	Per unit	\$700
Commercial Dishwashers, Door Type Low Temp	\$700	Per unit	\$700
Commercial Dishwashers, Under Counter High Temp	\$400	Per unit	\$400
Commercial Dishwashers, Under Counter Low Temp	\$400	Per unit	\$400
Commercial Dishwashers, Multiple Tank Conveyor, High Temp	\$1,500	Per unit	\$1,500
Commercial Dishwashers, Multiple Tank Conveyor, Low Temp	\$1,500	Per unit	\$1,500
Commercial Dishwashers, Single Tank Conveyor, High Temp	\$1,500	Per unit	\$1,000
Commercial Dishwashers, Single Tank Conveyor, Low Temp	\$1,000	Per unit	\$1,000
Commercial Fryer	\$750	Per vat	\$749
Commercial Griddle	\$500	Per griddle	\$125
Commercial Rack Oven	\$1,000	Per oven	\$1,000
Commercial Steam Cooker	\$2,000	Per compartment	\$2,000
Condensing Integrated Boiler and Water Heater	\$2,500	Per unit	\$1,300
Condensing Unit Heater, 90% AFUE	\$750	Per unit	New
DHW Pipe Wrap Insulation, < 0.5" dia	\$1	Per linear foot pipe	\$1
DHW Pipe Wrap Insulation, > 0.5" dia	\$2	Per linear foot pipe	\$2
DHW Storage, Gas-Fired, < 75,000 Btuh, (75 MBH) > 0.67 EF or 0.64 UEF	\$350	Per unit	\$100
DHW Storage, Gas-Fired, < 75,000 Btuh, (75 MBH) > 0.87 EF or 0.81 UEF	\$500	Per unit	\$100
DHW Storage, Gas-Fired, > 105,000 Btuh (105 MBH), > 82% Et	\$500	Per unit	\$1.75 per MBH
DHW Storage, Gas-Fired, > 105,000 Btuh (105 MBH), > 92% Et	\$750	Per unit	\$3.50 per MBH
DHW Storage, Gas-Fired, 75,000 to 105,000 Btuh, > 82% Et or .64 UEF	\$750	Per unit	\$3.50 per MBH
DHW Storage, Gas-Fired, 75,000 to 105,000 Btuh, > 90% Et or .85 UEF	\$500	Per unit	\$1.75 per MBH
DHW, Instant, Gas-Fired, < 200,000 Btuh, > 90% Et or .82 EF or > 0.81 UEF	\$750	Per unit	\$400
DHW, Instant, Gas-Fired, > 200,000 Btuh, ≥ 90% Et or .85 UEF	\$1,000	Per unit	\$400

	Clothes Dryer - High Efficiency	\$200	Per dryer	\$200
	HE Commercial Cloths Washer	\$150	Per washer	New
	ENERGY STAR Gas Convection Oven	\$500	Per cavity	\$500
	Gas Absorption Chillers, < 100 tons	\$450	Per ton	\$450
	Gas Absorption Chillers, 100 to 400 tons	\$230	Per ton	\$230
	Gas Absorption Chillers, > 400 tons	\$185	Per ton	\$185
	Gas Engine Driven Chillers	\$350	Per ton	\$350
	Gas-Fired Low-Intensity Infrared Heating Unit < 100MBH	\$750	Per unit	\$500
	Gas-Fired Low-Intensity Infrared Heating Unit > 100MBH	\$500	Per unit	\$300
	High Performance Hood (Demand Control Ventilation)	\$2,500	Per hood	New
	Medium Pressure Steam Trap, 15 PSIG to 75 PSIG, Tested	\$200	Per trap	New
	High Pressure Steam Trap, > 75 PSIG, Tested	\$300	Per trap	New
	Hotel Guest Room Occupancy Sensor	\$75	Per unit	New
	HVAC with CO2 - Based Control	\$250	Per unit	New
	Indirect WH 85% CAE	\$250	Per unit	New
	Low Flow Aerators - Tier 1	\$2	Per unit	New
	Low Flow Aerators - Tier 2	\$2	Per unit	New
	Low Flow Showerheads - Tier 1	\$2	Per unit	New
	Low Flow Showerheads - Tier 2	\$2	Per unit	New
	Market Avg Eff Spray Valve (1.16 GPM)	\$25	Per spray valve	New
	Ozone Laundry Washing Machine	\$250	Per lb. of laundry capacity	New
	Pool with Cover	\$1,500	Per cover	New
	ROB DX Packaged System, EER = 10.8, 30 tons, AFUE 95%	\$3,000	Per ton	\$3,000
	Smart Thermostat	\$125	Per thermostat <sup>3</sup>	\$150
Energy Solutions for Businesses	<b>Custom Measure <sup>1</sup></b>	<b>Rebate Up To Value (%)</b>	<b>Unit Basis</b>	<b>Total (NJCEP &amp; SJG) <sup>5</sup></b>
	Custom Measure	50%	Per Measure	50% of rebate value or \$1.60 per therm whichever is less

Note

- 1 - The utilities reserve the right to include additional measures that are supported by established protocols or evaluation results in the industry to ensure we include a broad range of energy savings measures to maximize energy savings for customers and avoid market disruption (e.g. new NJCEP measures added in FY21).
- 2 - All rebates will be offered equal to or less than the "Up To" value.
- 3 - The total rebate value for a smart thermostat will be up to \$125 total between both fuel utilities.
- 4 - Totals shown here represent the total value of rebates currently available to customers in SJG's territory through New Jersey's Clean Energy Program and SJG's Program.

## Commercial Comprehensive

Table 23 – Commercial Comprehensive Incentive Table

<b>Comprehensive Commercial Programs (not including financing)</b>			
<b>Program</b>	<b>Category</b>	<b>Description of Approach to Incentives <sup>1 &amp; 2</sup></b>	<b>Existing Incentives <sup>3 &amp; 4</sup></b>
Direct Install	Tier 1	For Tier 1 customers, standard basic energy savings measures may be installed at no cost during the time of the energy assessment. The program will offer to pay up to 80% of the project cost to install the recommended energy efficiency measures with the participating customer (and/or landlord) repaying the balance not covered through the incentive either in a lump sum or through an available repayment option. Customers located in an Urban Enterprise Zone, Opportunity Zone, owned or operated by a local government, or K-12 public schools. may also qualify for Tier 1 status, up to an average individual facility peak electrical demand of 200 kW .	NJCEP pays up to 80% of retrofit costs to facilities within an Urban Enterprise Zone, Opportunity Zone, owned or operated by a local government, K-12 public school, or designated as affordable housing. Other types of facilities receive an incentive up to 70% of retrofit costs.
	Tier 2	Tier 2 will serve the larger segment of eligible customers, with an average individual facility peak electrical demand of 101 - 200 kW over the past 12 months. Incentives up to 70% of the total project cost will be offered.	
Energy Management	Retro-commissioning	Incentives to cover up to 50% of the initial cost to perform the required ASHRAE level audit, and the remaining cost upon the customer commitment to implementation of energy efficiency measures defined by the audit. The customer will also be paid a custom incentive for the implementation of the energy efficiency measures determined through the audit. The total audit and project incentive will be capped at up to 70% of the project cost.	N/A - new program
	HVAC Tune Up	Fixed incentives for the implementation of the tune-up measures based on the size of the HVAC units up to \$250 value.	N/A - new program
	Building Tune Up	Incentives that cover up to 70% of the project cost with a project cap of \$75,000 and up to 70% of the cost to attend qualified BOC training up to \$1,000 per person.	N/A - new program

	Strategic Energy Management	Customers who utilize a consultant will receive an incentive to cover up to 50% of the initial cost of the engineering assessment, with the remaining cost upon the customer commitment to implementation of energy efficiency measures defined by the SEMP process. A tiered incentive structure for Customer engineering assessment will be utilized based upon square footage of Customer's facility. The SEMP will identify short, medium, and long-term goals for the customer and will set identifiable metrics for mapping to the plan. For the implementation of the energy efficiency measures determined by the SEMP, the customer will be paid an incentive that is commensurate with the applicable Commercial & Industrial Program offering that the measures are attributed.	N/A - new program
Engineered Solutions	N/A	The subprogram will provide a 100% incentive for an up-front ASHRAE audit, the specific audit level will be determined on a project by project basis based on the complexity of the facility and the potential energy efficiency measures. In addition, SJG will buy-down the simple payback of the recommended energy-efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years. After the project incentive buy-down, the remaining project costs may be funded by the subprogram with participants repaying the balance of the project costs through OBRP or access to financing with similar terms.	Same

**Note**

1 - The utilities reserve the right to include additional measures that are supported by established protocols or evaluation results in the industry to ensure we include a broad range of energy savings measures to maximize energy savings for customers and avoid market disruption (e.g. new NJCEP measures added in FY21).

2 - All rebates will be offered equal to or less than the "Up To" value.

3 - Represents current incentives and does not including financing incentives.

4 - Totals shown here represent the total value of rebates currently available to customers in SJG's territory through New Jersey's Clean Energy Program and SJG's Program.



## Multi-Family

Table 24 – Multi-Family Incentive Table

Multifamily (not including financing)				
Program	Subprogram	Measure <sup>1</sup>	Rebate Strategy <sup>2</sup>	NJCEP Existing Rebate Strategy <sup>3</sup>
Multifamily	N/A	Energy Assessment with installation of standard energy savings measures	Energy Assessment with the equipment and installation costs for the standard energy savings measures will be provided to eligible properties with “Up to 100%” of the cost provided by the program.	N/A
		Prescriptive Equipment replacement and custom retrofit projects	- Same value as incentives offered through the Residential and Commercial & Industrial programs applicable for the prescriptive equipment replacement and custom retrofits. - Includes enhanced incentives offered for properties that are located in qualifying target areas or for LMI qualified customers.	Same value as incentives offered through the Residential and Commercial & Industrial programs applicable for the prescriptive equipment replacement and custom retrofits.
		MF Home Performance with ENERGYSTAR	- Tiered incentive cash rebate not to exceed 50% of the cost of the measures used to calculate Total Energy Savings, up to \$1,500 per unit. - Maintain contractor production incentive.	- Tiered incentive cash rebate not to exceed 50% of the costs of the measures used to calculate Total Energy Savings, up to \$1,500 per unit. - Contractor production incentive of up to \$50 per unit.
		MF - Engineered Solutions	- No cost ASHRAE Level I, II, or III audit. - Program will buy-down the simple payback of the recommended energy-efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years.	- No cost ASHRAE Level I, II, or III audit. - Program will buy-down the simple payback of the recommended energy-efficiency project cost for approved measures by up to six years, with the resulting payback not less than three years.

**Note**

1 - The utilities reserve the right to include additional measures that are supported by established protocols or evaluation results in the industry to ensure we include a broad range of energy savings measures to maximize energy savings for customers and avoid market disruption (e.g. new NJCEP measures added in FY21).

2 - All rebates will be offered equal to or less than the "Up to" value.

3 - Totals shown here represent the total value of rebates currently available to customers in SJG's territory through New Jersey's Clean Energy Program and SJG's Program.

## Financing Terms by Program

SJG intends to provide on-bill repayment options for residential, multi-family, and commercial programs.

To assist our customers address the challenges of the ongoing pandemic and facilitate economic recovery, SJG is proposing to defer loan repayments associated with the on-bill repayment plan for the first year of the program -- July 1, 2021 – June 30, 2022. This encourages customers that have been financially impacted by COVID-19 to participate in SJG's EEPs, providing them the opportunity to reduce their energy consumption and lower their bills at a time when they need it most.

The following table provides the financing terms for applicable programs.

Table 25 – Summary of SJG Financing Terms

SJG Summary of Financing Terms				
Sector	Program	Subprogram/ Approach	Measure /Project	Available Financing Terms
Residential	Efficient Products		Furnace	Up to \$6,000 for 7 year term On-Bill Repayment Program ("OBRP") at 0% APR
			Boiler	Up to \$6,000 for 7 year term OBRP at 0% APR
			WH Tank	Up to \$2,500 for 7 year term OBRP at 0% APR
			WH Tankless	Up to \$3,500 for 7 year term at OBRP 0% APR
			A/C	Up to \$5,00 for 7 year term OBRP at 0% APR (only when paired with a qualifying piece of natural gas equipment)
			Combined Maximum Financing	Up to \$15,000 for 7 year term OBRP at 0% APR
			Special Features to Support Inclusion:	Low-to-Moderate Income Customers will be offered an extended OBRP for 10 year and customers that don't pass SJG credit screening will have the opportunity to apply for a

				loan through a network of local lenders and SJG will buy down the cost of the loan to similar terms as the OBRP.
	Existing Homes	Home Performance with Energy Star (HPwES)	Single Family Homes	Up to \$15,000 at 0% APR. Terms will vary based on value of financing- 7 year term for loans up to \$10,000 and 10 year term for loans great than or equal to \$10,000.
			Special Features to Support Inclusion:	Customers that don't pass SJG credit screening will have the opportunity to apply for a loan through a network of local lenders and SJG will buy down the cost of the loan to similar terms as the OBR
		Behavioral	NA	No financing component needed due to nature of the program
		Quick Home Energy Checkup	NA	No financing component needed due to nature of the program
		Moderate Income Weatherization	NA	No financing component needed due to nature of the program
C&I	Direct Install		Project	Balance of the project cost after rebate at 0% APR for a 5 year term
	Energy Solutions for Business	Prescriptive and Custom	Project	Balance of the project cost after rebate at 0% APR for a 5 year term. Cap of \$150K on Prescriptive and \$250K on Custom
		Energy Management	Project	Balance of the project cost after rebate at 0% APR for a 5 year term
		Engineered Solutions	Project	Balance of the project cost after rebate at 0% APR for a 5 year term

Multifamily	Multifamily	Multi-family Prescriptive and Custom	Project	Balance of the project cost after rebate at 0% APR for a 5 year term. Cap of \$150K on Prescriptive and \$250K on Custom
		Multi-family HPwES	Project	Up to \$2,000 per unit for 7 year term at 0% APR with an overall max of \$250K per project
		Engineered Solutions	Project	Balance of the project cost after rebate at 0% APR for a 5 year term
			Special Features to Support Inclusion:	Properties supporting LMI customers are eligible for a 10 year repayment term

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 6  
Superseding First Revised Sheet No. 6**

**RESIDENTIAL SERVICE (RSG)**

**APPLICABLE TO USE OF SERVICE FOR:**

All residential purposes. Customer may elect Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service RSG, a customer must hold clear and marketable title to gas that is made available for delivery to the customer's residence on the Company's system.

**CHARACTER OF SERVICE** Firm Sales Service and Firm Transportation Service.

**MONTHLY RATE:** <sup>(1)</sup>

**Customer Charge:** \$10.502563 per month

**Delivery Charge:**

(a) Residential Non-Heating Customers  
Firm Sales Service and Firm Transportation Service \$~~913483~~924310 per therm

(b) Residential Heating Customers  
Firm Sales Service and Firm Transportation Service \$~~10985601~~1109387 per therm

**Basic Gas Supply Service ("BGSS") Charge:**

All consumption for customers who elect Firm Sales Service. See Rider "A" of this Tariff.

**APPLICABLE RIDERS:**

Basic Gas Supply Service Clause: BGSS charges are depicted in Rider "A" of this Tariff.

Transportation Initiation Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "C" of this Tariff.

Societal Benefits Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.

Temperature Adjustment Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "F" of this Tariff.

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates and Price to Compare

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 10  
Superseding First Revised Sheet No. 10**

**GENERAL SERVICE (GSG)**

**APPLICABLE TO USE OF SERVICE FOR:**

All Commercial and Industrial Customers who would not qualify for any other Rate Schedule. A customer qualifying for service under Rate Schedule GSG may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this Rate Schedule GSG, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

**CHARACTER OF SERVICE:**

Firm Sales Service or Firm Transportation Service.

**MONTHLY RATE: <sup>(1)</sup>**

**Customer Charge:**

\$37.052188 per month

**Delivery Charges:**

Firm Sales Service and Firm Transportation Service

\$.903634-914461 per therm

**Basic Gas Supply Service ("BGSS") Charge:**

All consumption for customers who elect  
Firm Sales Service

See Rider "A" of this Tariff.

**LINE LOSS:**

Line Loss shall be 1.43% as provided in Special Provision (o).

**APPLICABLE RIDERS:**

Basic Gas Supply Service Clause:

BGSS charges are depicted in Rider "A" of this Tariff.

Transportation Initiation Clause:

The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "C" of this Tariff.

Societal Benefits Clause:

The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.

Temperature Adjustment Clause:

The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "F" of this Tariff.

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<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates and Price to Compare.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 14  
Superseding First Revised Sheet No. 14**

**GENERAL SERVICE – LARGE VOLUME (GSG-LV)**

**APPLICABLE TO USE OF SERVICE FOR:**

All Commercial and Industrial Customers who would not qualify for any other Rate Schedule (other than Rate Schedule GSG), and who has an annualized usage of 100,000 therms or more,. A customer qualifying for service under Rate Schedule GSG-LV may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this Rate Schedule GSG-LV, a customer must hold clear and marketable title to gas that is made available for delivery to customer’s facility on the Company’s system.

**CHARACTER OF SERVICE:**

Firm Sales Service or Firm Transportation Service.

**MONTHLY RATE: <sup>(1)</sup>**

**Customer Charge:**

\$239.906300 per month

**Delivery Charges:**

Firm Sales Service and Firm Transportation Service<sup>(2)</sup>

Demand Charge:

D-1FT: \$13.061563 per Mcf of Contract Demand

Volumetric Charge:

\$.~~535118~~545945 per therm

**Basic Gas Supply Service (“BGSS”) Charge:**

All consumption for customers who elect  
Firm Sales Service

See Rider “A” of this Tariff.

**LINE LOSS:**

Line Loss shall be 1.43% as provided in Special Provision (o).

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<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates and Price to Compare.

<sup>(2)</sup> See Special Provision (p) of this Rate Schedule GSG-LV, regarding appropriate balancing charges.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 18  
Superseding First Revised Sheet No. 18**

**COMPREHENSIVE TRANSPORTATION SERVICE (CTS)**

**APPLICABLE TO USE OF SERVICE FOR:**

All customers having a Firm Contract Demand, and an average annual daily Firm usage of 100 Mcf per day or more. To be eligible for service under this Rate Schedule CTS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system. Provided, however, that any customer receiving service under this Rate Schedule CTS prior to August 29, 2003 shall continue to be eligible to receive service under this Rate Schedule CTS, notwithstanding the foregoing, if said customers continues to have a Firm Contract Demand of 100 Mcf per day or more. Further provided, however, that if a customer ceases to receive service under this Rate Schedule CTS, and seeks to return to service under this Rate Schedule CTS, said customer must meet all requirements for eligibility as though applying for service in the first instance.

**CHARACTER OF SERVICE:**

Firm Transportation Service and Limited Firm Transportation Service

**MONTHLY RATE: <sup>(1)</sup>**

**Firm:**

**Customer Charge:** \$799.687500 per month

**Delivery Charges:**

**Demand Charge:** D-IFT: \$33.853438 per Mcf of Contract Demand

**Volumetric Charges:**

All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service per therm \$~~466387~~-177214

**Limited Firm:**

**Customer Charge:** \$106.625000 per month

**Delivery Charges:**

**Volumetric Charges:**

All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service per therm \$~~438588~~-149415

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 25  
Superseding First Revised Sheet No. 25**

**LARGE VOLUME SERVICE (LVS)**

**APPLICABLE TO USE OF SERVICE FOR:**

Firm Sales Service and Firm Transportation Service pursuant to this Rate Schedule LVS, shall be available to all Industrial Customers with a Contract Demand and a minimum annualized average use of 200 Mcf per day. To be eligible for Firm Transportation Service under this Rate Schedule LVS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

**CHARACTER OF SERVICE:**

Firm Sales Service, Limited Firm Sales Service, Firm Transportation Service, and Limited Firm Transportation Service.

**MONTHLY RATE: <sup>(1)</sup>**

**Firm:**

**Customer Charge:**

\$1,119.562500per month

**Delivery Charge:**

**Firm Sales Service and Firm Transportation Service**

Demand Charge:

D-1FT: \$19.992188 per Mcf of Contract Demand

Volumetric Charge:

\$.~~136929~~147756 per therm

**Basic Gas Supply Service ("BGSS") Charge:**

Demand Charge:

D-2: \$16.530999 per Mcf of Contract Demand.

Volumetric Charge:

See Rider "A" of this Tariff.

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 26  
Superseding First Revised Sheet No. 26**

**LARGE VOLUME SERVICE (LVS)  
(Continued)**

**Limited Firm:**

**Customer Charge:**

\$106.625000 per month

**Delivery Charge:**

**Firm Sales Service and Firm Transportation**

Volumetric Charge:

\$.~~217545~~228372 per therm

**Basic Gas Supply Service ("BGSS") Charge:**

Applicable to customers who elect Firm Sales Service

Volumetric Charge:

See Rider "A" of this Tariff.

**PRICE TO COMPARE:**

The Company will provide the Price to Compare for an LVS customer, at said customer's request.

**LINE LOSS:**

Line Loss shall be 1.43% as provided in Special Provision (h).

**MINIMUM BILL:**

Sum of monthly Customer Charge and monthly Demand Charges, irrespective of use.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 31  
Superseding First Revised Sheet No. 31**

**FIRM ELECTRIC SERVICE (FES)**

**APPLICABLE TO USE OF SERVICE FOR:**

All gas that is purchased or transported to generate electricity. Provided, however, that in order to qualify for this Rate Schedule FES, a customer must have a Winter Daily Contract Demand of 1,000 Mcf per day or more, or a Summer Daily Contract Demand of 2,000 Mcf per day or more, or both. To be eligible for Firm Transportation Service under this Rate Schedule FES, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

**CHARACTER OF SERVICE:**

Firm Sales Service and Firm Transportation Service.

**MONTHLY RATE <sup>(1)</sup>(2)**

**WINTER (November – March):**

**Demand Charge:**

- D-1 \$3.089100 per Mcf of Winter Daily Contract Demand
- D-2 \$8.265500 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

**Volumetric Charge:**

- C-1: ~~\$.107480-118307~~ per therm of consumption
  - C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
  - C-3: \$.173700 per therm of consumption
  - C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.
- Minimum Bill:** The monthly D-1 and D-2 charges, irrespective of use.

**SUMMER (April – October):**

**Demand Charge:**

- D-1 \$3.089100 per Mcf of Summer Daily Contract Demand
- D-2 \$8.265500 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

**Volumetric Charge:**

- C-1: ~~\$.107480-118307~~ per therm of consumption
- C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
- C-3: \$.173700 per therm of consumption
- C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (p)

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 38  
Superseding First Revised Sheet No. 38**

**ELECTRIC GENERATION SERVICE (EGS)**

**APPLICABLE TO USE OF SERVICE FOR:**

Residential, commercial and industrial uses for electric generation facilities (excluding back-up generator equipment); all Prime Movers; and all engine driven equipment (whether or not used for electric generation). Provided, however, that in order to be eligible for this Rate Schedule EGS, a customer must have a Firm Daily Contract Demand of less than 200 Mcf per day; provided, however, that a residential EGS customer will have no Firm Daily Contract Demand. To be eligible for Firm Transportation Service under this Rate Schedule EGS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

**CHARACTER OF SERVICE:**

Firm Sales Service and Firm Transportation Service

**MONTHLY RATE:** <sup>(1)(2)</sup>

**Residential Customer Charge:**

\$10.502600 per month

**Residential Delivery Charge**

**Residential Volumetric Charge:** \$.~~336465~~347292 per therm

**Commercial and Industrial Customer Charge:**

\$84.233750 per month

**Commercial and Industrial Delivery Charge:  
Commercial and Industrial Demand Charge:**

D-1 Charge: \$8.796563 per Mcf of contract

**Volumetric Charges:**

Winter Season (effective during billing months of November through March):

All Consumption for Firm Sales Service and Firm Transportation Service

therm \$.~~331873~~342700 per

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> See Special Provision (k) of this Rate Schedule EGS, regarding appropriate balancing charges.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 39  
Superseding First Revised Sheet No. 39**

**ELECTRIC GENERATION SERVICE (EGS)  
(Continued)**

Summer Season (effective during billing months of April through October):

All Consumption for Firm Sales Service and Firm Transportation Service

~~\$.299886~~-310713 per therm

**Basic Gas Supply Service (“BGSS”) Charge:**

Applicable to customers who elect Firm Sales Service

See Rider “A” of this Tariff.

**LINE LOSS:**

Line Loss shall be 1.43% as provided in Special Provision (p).

**APPLICABLE RIDERS:**

Basic Gas Supply Service Clause:	BGSS charges are depicted in Rider “A” of this Tariff.
Societal Benefits Clause:	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “E” of this Tariff.
2017 Tax Act	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “H” of this Tariff.
Balancing Service Clause	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “J” of this Tariff. However, also see Special Provision (k) regarding Rider “I”.
Energy Efficiency Tracker:	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider “N” of this Tariff.

**TERMS OF PAYMENT:**

Payment of all bills must be received in full at the Company's designated office within fifteen (15) days of the billing date; provided however, the Company shall take into account any postal service delays of which the Company is advised. If the fifteenth (15th) day falls on a non-business day, the due date shall be extended to the next business day. Should the customer fail to make payment as specified, the Company may, beginning on the twenty-sixth (26th) day, assess simple interest at a rate equal to the prime rate as published in the Money Rates column in The Wall Street Journal. A late payment charge shall not be assessed on a residential customer, or on State, county or municipal government entities.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 43  
Superseding First Revised Sheet No. 43**

**ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)**

**APPLICABLE TO USE OF SERVICE FOR:**

All commercial and industrial electric generation facilities; all Prime Movers and all engine driven equipment (whether or not used for electric generation). Provided, however, that in order to be eligible for this Rate Schedule EGS-LV, a customer must have a Firm Daily Contract Demand of 200 Mcf per day or more. To be eligible for Firm Transportation Service under this Rate Schedule EGS-LVS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

**CHARACTER OF SERVICE:**

Firm Sales Service, Firm Transportation Service, Limited Firm Sales Service and Limited Firm Transportation Service.

**MONTHLY RATE:** <sup>(1)</sup>

**Customer Charge:**

\$799.6875 per month

**FIRM:**

**Demand Charges:** <sup>(2)</sup>

D-1 \$27.051513 per Mcf of Firm Daily Contract Demand.

D-2 \$16.610234 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

**Volumetric Charge:**

C-1: \$.~~076288-087115~~ per therm of consumption

C-2: As depicted in the Monthly BGSS Subrider of Rider "A" of this Tariff, OR Customer Owned Gas Clause, Rider "D"

**Minimum Bill:** Monthly D-1 and D-2 charges, irrespective of use.

**LIMITED FIRM:**

**Demand Charge:**

D-2 \$8.265500 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

**Volumetric Charge:** <sup>(2)</sup>

C-1: \$.~~076288-087115~~ per therm of consumption

C-2: As depicted in the Monthly BGSS Subrider of Rider "A" of this Tariff, OR Customer Owned Gas Clause, Rider "D"

C-3 \$.173700 per therm for all consumption within Limited Firm Contract Demand level.<sup>1</sup>

<sup>(1)</sup> Please refer to Appendix A for components of Monthly Rates.

<sup>(2)</sup> Please refer to Special Provision (j).

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 60  
Superseding First Revised Sheet No. 60**

**NATURAL GAS VEHICLE (NGV)**

**APPLICABLE TO:**

This service will be available to Commercial and Industrial customers who will utilize natural gas, for the purpose of providing vehicle fuel at Company-operated fueling stations or at separately metered customer-operated fueling stations.

**CHARACTER OF SERVICE:**

Firm Sales Service or Firm Transportation Service

**COMPRESSED NATURAL GAS VEHICLE SERVICE AT COMPANY OPERATED FUELING STATIONS**

This part of the service is available for refueling vehicles with compressed natural gas to customers who refuel at Company operated fueling stations. All service at Company operated fueling stations shall be Firm Sales Service. Provided, however, that in the Company's sole discretion, it may allow for Firm Transportation service for a Customer-specific dedicated dispenser or time fill system (separately metered) at a Company operated fueling station.

**Rate for Monthly Consumption**

**Volumetric Charge**

C-1: \$0.~~076288-087115~~ per therm (~~\$0.095360,108894~~ GGE\*)

Distribution Charge: \$0.235773 per therm (\$0.294716 GGE\*)

Compression Charge: \$0.655699 per therm (\$0.819624 GGE\*)

**Commodity Charges**

All consumption for customers who elected Firm Sales Service

**Basic Gas Supply Service ("BGSS") Charge:**

See Rider "A" of this Tariff.

BGSS rate \* GGE Factor 1.25 = GGE

GGE indicates Gasoline Gallon Equivalent. The gasoline gallon equivalent shall be determined in accordance with local standards. The point of sale price to the Customer shall be displayed in gasoline gallon equivalents at public access dispensers at Company operated fueling stations, and shall be calculated as C-1 + Distribution Charge + Compression Charge + New Jersey Motor Vehicle Fuel Tax + Federal Excise Tax + BGSS.

Commodity charges do not include State of New Jersey Motor vehicle fuel tax and Federal Excise Tax. As of January 1, 2020 these taxes were \$0.105 and \$0.184 per gallon, respectively and shall be charged at the prevailing rate when applicable. The Company is under no obligation to determine if a customer is exempt from taxation.

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**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 - GAS**

**Second Revised Sheet No. 61  
Superseding First Revised Sheet No. 61**

**NATURAL GAS VEHICLE (NGV)  
(Continued)**

**NATURAL GAS VEHICLE SERVICE AT CUSTOMER OPERATED FUELING STATIONS**

This part of the service is available for the sale of separately metered uncompressed gas for the use of the customer solely as a vehicle fuel as follows:

The customer agrees to obtain and maintain, at its expense, all necessary certificates, licenses and regulatory approvals and pay all taxes levied on the gas compressed for refueling the customer's vehicles;

If the customer provides natural gas for resale as a motor fuel, the customer will be responsible for collecting and paying all applicable taxes on the gas compressed for resale and on the sale thereof and for the metering of such sale in accordance with local standards and regulations; and

The customer must execute a Standard Gas Service Agreement (NGV) for not less than 12 months and must produce evidence of Land Rights.

**Rate for Monthly Consumption**

**Monthly Customer Charge**

The monthly customer charge shall be determined in accordance with the maximum delivery capability requested by the customer.

0-999 Cf/hour	\$39.984400
1,000-4,999 Cf/hour	\$79.968800
5,000-24,999 Cf/hour	\$234.575000
25,000 and greater Cf/hour	\$986.281250

**Volumetric Charges**

C-1: \$0.~~076288~~087115 per therm (\$~~0.095360~~108894 GGE)

Distribution Charge: \$0.235773 per therm (\$0.294716 GGE)

**Basic Gas Supply Service ("BGSS") Charge:**

All consumption for customers who elect Firm Sales Service See Rider "A" of this Tariff.

**Facilities Charge**

All consumption for Customers that elect to have the Company construct Compressed Natural Gas ("CNG") fueling facilities located on Customer's property:

C-2: \$0.256556 (\$0.320695 GGE)

The customer shall pay all related motor vehicle taxes directly to the taxing entity. Such taxes shall be incremental to charges paid to the Company for the cost of receiving service under this rate schedule.

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Issued September 25, 2020  
by South Jersey Gas Company,  
M. Orsen, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Order in Docket No. GO20090618 of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 13 – GAS**

**Second Revised Sheet No. 62  
Superseding First Revised Sheet No. 62**

**NATURAL GAS VEHICLE (NGV)  
(Continued)**

**DELIVERY SERVICE FOR NATURAL GAS VEHICLES**

This part of service is available for delivery of customer owned natural gas for use in compression and dispensing equipment at the Customer's premises, as follows:

The customer must purchase under a contract with an initial term of not less than one year an adequate supply of natural gas of a quality acceptable to the Company, and must make arrangements by which such volumes of natural gas can be delivered into the Company's distribution system at the Customer's expense.

By taking service under this part, the Customer warrants that it has good and legal title to all gas supplied to the Company, and agrees to indemnify, defend and hold the Company harmless from any loss, claims or damages in regard to such title.

**Rate for Delivery Service**

**Monthly Customer Charge**

The monthly customer charge shall be determined in accordance with the maximum delivery capability requested by the customer.

0-999 Cf/hour	\$39.984400
1,000-4,999 Cf/hour	\$79.968800
5,000-24,999 Cf/hour	\$234.575000
25,000 and greater Cf/hour	\$986.281250

**Volumetric Charge**

C-1: \$0.~~076288~~087115 per therm (~~\$0.095360~~108894 GGE)

Distribution Charge: \$0.235773 per therm (\$0.294716 GGE)

**Facilities Charge**

All consumption for Customers that elect to have the Company construct CNG fueling facilities located on Customer's property:

C-2: \$0.256556 per therm (\$0.320695 GGE)

Sales taxes are not included in the above basic charges. The Company is under no obligation to determine if a customer is exempt from taxation. Customers seeking tax exemption must file verification with the Company.

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**SOUTH JERSEY GAS COMPANY**

**Second Revised Sheet No. 105  
Superseding First Revised Sheet No. 105**

**B.P.U.N.J. No. 13 - GAS**

**RIDER “N”  
ENERGY EFFICIENCY TRACKER (“EET”)**

**APPLICABLE TO:**

Rate Schedule RSG	-	Residential
Rate Schedule GSG	-	General Service
Rate Schedule GSG-LV	-	General Service- Large Volume
Rate Schedule CTS	-	Comprehensive Transportation Service
Rate Schedule LVS	-	Large Volume Service
Rate Schedule FES	-	Firm Electric Service
Rate Schedule EGS	-	Electric Generation Service
Rate Schedule EGS-LV	-	Electric Generation Service- Large Volume
Rate Schedule IGS	-	Interruptible Gas Service
Rate Schedule ITS	-	Interruptible Transportation Service
Rate Schedule NGV	-	Natural Gas Vehicle

This Rider “N” shall be known as the Energy Efficiency Tracker (“EET”). For financial accounting purposes the Company shall record a return on and a return of investments in energy efficiency programs, as approved by the Board at Docket No. GO09010059, in an Order dated July 24, 2009, Docket No. GO12050363, in an Order dated June 21, 2003, Docket No. GR15010090, in an Order dated August 19, 2015, ~~and~~ Docket No. GO18030350, in an Order dated October 29, 2018 and Docket No. GR20060436 dated January 27, 2021 and recover all incremental operating and maintenance expenses of the programs, subject to the EET. Docket No. GO20090618 was filed in accordance with the Clean Energy Act of 2018 (“CEA”) and the Board’s Order dated June 10, 2020 in Docket Nos. OO19010040, OO19060748 and OO17091004. The calculation will use the weighted average cost of capital as identified in the respective Orders referenced above.

The EET rate will be calculated annually using projected data and subject to a true-up at the end of the EET year (September 30<sup>th</sup>) with simple interest on net over/under recoveries. Interest associated with over recoveries will be credited against the EET, while interest associated with under recoveries will be charged to the EET. The interest on monthly EET under and over recoveries shall be the interest rate based on the Company’s weighted interest rate for the corresponding month obtained on its commercial paper and bank credit lines but shall not exceed the Company’s weighted average cost of capital utilized to set rates in its most recent base rate case.

This EET will be effectuated through a volumetric rate applied to customers’ bills. The Company shall make an annual EET rate filing in June-July of each year with a proposed implementation of the revised EET rate in October. Included in the filing will be a list of efficiency programs offered and eligible for recovery under the EET.

The Company shall have the discretion to implement a bill credit or a refund at any time during the EET Year with five (5) days notice to the BPU Staff and the Division of Rate Counsel. The Company shall have the discretion to file a self-implementing EET rate reduction at any time with two (2) weeks notice to the BPU Staff and the Division of Rate Counsel.

Rate Schedules subject to this Rider will be charged the following volumetric rate:

	<u>2019-20 EEP</u>	<u>EEP Extension</u>	<u>Total</u>
	<u>True-Up Tariff Rate</u>	<u>Rate</u>	<u>Tariff Rate</u>
EET Rate per therm	<u>\$0.026008</u>	<u>\$0.010126</u>	<u>\$0.036134</u>
Applicable Revenue Tax	<u>\$0.000065</u>	<u>\$0.000028</u>	<u>\$0.000093</u>
Total EET Rate per therm	<u>\$0.026073</u>	<u>\$0.010154</u>	<u>\$0.036227</u>
Applicable NJ Sales Tax	<u>\$0.001727</u>	<u>\$0.000673</u>	<u>\$0.002400</u>
EET Rate per therm with NJ Sales Tax	<u>\$0.027800</u>	<u>\$0.010827</u>	<u>\$0.038627</u>

**Issued September 25, 2020  
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on and after \_\_\_\_\_**

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Public Utilities, State of New Jersey, dated \_\_\_\_\_**

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

<b>RESIDENTIAL GAS SERVICE (RSG) - NONHEAT CUSTOMER</b>	<b>RIDER</b>	<b>RATE</b>	<b>PUA</b>	<b>NJ SALES TAX</b>	<b>TARIFF RATE</b>
<b>CUSTOMER CHARGE</b>		9.850000		0.652563	<b>10.502563</b>
<b>DELIVERY CHARGE (per therm):</b>					
Base Rate		0.810259		0.053680	0.863939
TIC	C	0.001236	0.000003	0.000082	0.001321
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
CIP	M	(0.109222)	(0.000274)	(0.007254)	(0.116750)
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
<b>TOTAL DELIVERY CHARGE</b>		0.866684	0.000116	0.057510	<b>0.924310</b>
<b>BGSS: (Applicable To Sales Customers Only)</b>	A	0.214627	0.000538	0.014255	<b>0.229419</b>

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

<b>RESIDENTIAL GAS SERVICE (RSG) - HEAT CUSTOMER</b>					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b>CUSTOMER CHARGE</b>		9.850000		0.652563	<b>10.502563</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.810259		0.053680	0.863939
TIC	C	0.001236	0.000003	0.000082	0.001321
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
CIP	M	0.063922	0.000160	0.004245	0.068327
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
<b>Total Delivery Charge</b>		1.039828	0.000550	0.069009	<b>1.109387</b>
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A	0.214627	0.000538	0.014255	<b>0.229419</b>

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

<b>GENERAL SERVICE (GSG)</b>					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b>CUSTOMER CHARGE</b>		34.750000		2.302188	<b>37.052188</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.664493		0.044023	0.708516
TIC	C	0.001236	0.000003	0.000082	0.001321
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
CIP	M	0.026965	0.000068	0.001791	0.028824
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
<b>Total Delivery Charge</b>		0.857105	0.000458	0.056898	<b>0.914461</b>
<b><u>BGSS: (Applicable To Sales Customers Only using less than 5,000 therms annually)</u></b>	A	0.214627	0.000538	0.014255	<b>0.229419</b>
<b><u>BGSS: (Applicable To Sales Customers Only using 5,000 therms annually or greater)</u></b>	A				<b>RATE SET MONTHLY</b>

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

<u>GENERAL SERVICE-LV (GSG-LV)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b>CUSTOMER CHARGE</b>		225.000000		14.906300	<b>239.906300</b>
<b>D-1 Demand Charge (Mcf)</b>		12.250000		0.811563	<b>13.061563</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.329642		0.021839	0.351481
TIC	C	0.001236	0.000003	0.000082	0.001321
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
CIP	M	0.016224	0.000041	0.001078	0.017343
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BUY-OUT PRICE (Applicable to Transportation Customers Only)	J				Rate Set Monthly
<b>Total Delivery Charge</b>		0.511513	0.000431	0.034001	<b>0.545945</b>
<b><u>BGSS: (Applicable Sales Customers Only)</u></b>	A				<b>RATE SET MONTHLY</b>

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

<b>COMPREHENSIVE TRANSPORTATION SERVICE (CTS)</b>					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b><u>FIRM</u></b>					
<b><u>CUSTOMER CHARGE</u></b>		750.000000		49.687500	<b>799.687500</b>
<b><u>D-1 Demand Charge (Mcf)</u></b>		31.750000		2.103438	<b>33.853438</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.084501		0.005598	0.090099
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
<b>Total Delivery Charge</b>		0.165945	0.000179	0.011090	<b>0.177214</b>
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002596	0.000007	0.000172	0.002775
BUY-OUT PRICE					RATE SET MONTHLY
<b><u>LIMITED FIRM</u></b>					
<b><u>CUSTOMER CHARGE</u></b>		100.000000		6.625000	<b>106.625000</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.058400		0.003900	0.062300
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
<b>Total Delivery Charge</b>		0.139844	0.000179	0.009392	<b>0.149415</b>
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002596	0.000007	0.000172	0.002775
BUY-OUT PRICE					RATE SET MONTHLY

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

**LARGE VOLUME SERVICE (LVS)**

	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b><u>FIRM</u></b>					
<b><u>CUSTOMER CHARGE</u></b>		1,050.000000		69.562500	<b>1,119.562500</b>
<b><u>D-1 Demand Charge (Mcf)</u></b>		18.750000		1.242188	<b>19.992188</b>
<b><u>D-2 DEMAND BGSS(Applicable to Sales Customers Only)</u></b>	A	15.465128	0.038740	1.027131	<b>16.530999</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.056873		0.003768	0.060641
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
<b>                    Total Delivery Charge</b>		<b>0.138317</b>	<b>0.000179</b>	<b>0.009260</b>	<b>0.147756</b>
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.002596	0.000007	0.000172	0.002775
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable Transportation Customers Only)	I				RATE SET MONTHLY
<b><u>BGSS: (Applicable Sales Customers Only)</u></b>	A				<b>RATE SET MONTHLY</b>
<b><u>LIMITED FIRM</u></b>					
<b><u>CUSTOMER CHARGE</u></b>		100.000000		6.625000	<b>106.625000</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.132480		0.008777	0.141257
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
<b>                    Total Delivery Charge</b>		<b>0.213924</b>	<b>0.000179</b>	<b>0.014269</b>	<b>0.228372</b>
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable to Transportation Customers Only)	I	0.002596	0.000007	0.000172	0.002775
BUY-OUT PRICE	I				RATE SET MONTHLY



SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

<b>FIRM ELECTRIC SALES (FES)</b>					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b>WINTER</b>					
<b>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</b>		2.897200		0.191900	<b>3.089100</b>
<b>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</b>	A	7.732564	0.019370	0.513566	<b>8.265500</b>
<b>DELIVERY CHARGE (per therm):</b>					
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
<b>Total Delivery Charge</b>		0.110625	0.000252	0.007430	<b>0.118307</b>
<b>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</b>		0.162900		0.010800	<b>0.173700</b>
<b>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</b>					
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				<b>RATE SET MONTHLY</b>
<b>BGSS: (Applicable To Sales Customers Only)</b>	A				<b>RATE SET MONTHLY</b>
<b>SUMMER</b>					
<b>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</b>		2.897200		0.191900	<b>3.089100</b>
<b>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</b>	A	7.732564	0.019370	0.513566	<b>8.265500</b>
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	0.010800	0.000000	0.000800	0.011600
EET	N	0.036134	0.000093	0.002400	0.038627
<b>Total Delivery Charge</b>		0.110625	0.000252	0.007430	<b>0.118307</b>
<b>C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)</b>		0.162900		0.010800	<b>0.173700</b>
<b>C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)</b>					
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				<b>RATE SET MONTHLY</b>
<b>BGSS: (Applicable To Sales Customers Only)</b>	A				<b>RATE SET MONTHLY</b>

**SOUTH JERSEY GAS COMPANY**  
**Schedule of Rate Components**  
**Appendix A - Effective \_\_\_\_\_**

<b><u>ELECTRIC GENERATION SERVICE (EGS) - RESIDENTIAL</u></b>					
	<b><u>RIDER</u></b>	<b><u>RATE</u></b>	<b><u>PUA</u></b>	<b><u>NJ SALES TAX</u></b>	<b><u>TARIFF RATE</u></b>
<b><u>CUSTOMER CHARGE</u></b>		9.850000		0.652600	<b>10.502600</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate		0.160837		0.010655	0.171492
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
<b>Total Delivery Charge</b>		0.325248	0.000387	0.021657	<b>0.347292</b>
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A	0.214627	0.000538	0.014255	<b>0.229419</b>

**SOUTH JERSEY GAS COMPANY**  
**Schedule of Rate Components**  
**Appendix A - Effective \_\_\_\_\_**

<b><u>ELECTRIC GENERATION SERVICE (EGS) - COMMERCIAL/INDUSTRIAL</u></b>					
	<b><u>RIDER</u></b>	<b><u>RATE</u></b>	<b><u>PUA</u></b>	<b><u>NJ SALES TAX</u></b>	<b><u>TARIFF RATE</u></b>
<b><u>CUSTOMER CHARGE</u></b>		79.000000		5.233750	<b>84.233750</b>
<b><u>D-1 DEMAND (MCF)</u></b>		8.250000		0.546563	<b>8.796563</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
Base Rate - Winter Season (Nov - Mar)		0.156530		0.010370	0.166900
Base Rate - Summer Season (Apr - Oct)		0.126530		0.008383	0.134913
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
Total Delivery Charge - Winter Season		0.320941	0.000387	0.021372	<b>0.342700</b>
Total Delivery Charge - Summer Season		0.290941	0.000387	0.019385	<b>0.310713</b>
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A				<b>RATE SET MONTHLY</b>

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

<u>ELECTRIC GENERATION SERVICE-LV (EGS-LV)</u>	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b>FIRM</b>					
<b><u>CUSTOMER CHARGE</u></b>		750.000000		49.687500	<b>799.687500</b>
<b><u>D-1 DEMAND (MCF) (Rate is negotiated. Shown here is the benchmark rate.)</u></b>		25.370704		1.680809	<b>27.051513</b>
<b><u>D-2 DEMAND BGSS (MCF) (Applicable to Sales Customers Only)</u></b>	A	15.539254	0.038926	1.032054	<b>16.610234</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
SBC:					
RAC	E, G	0.045668	0.000114	0.003033	0.048815
CLEP	E, K	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
<b>Total Delivery Charge</b>		0.081444	0.000179	0.005492	<b>0.087115</b>
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002596	0.000007	0.000172	0.002775
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A				<b>RATE SET MONTHLY</b>
<b><u>LIMITED FIRM</u></b>					
<b><u>D-2 DEMAND BGSS(MCF) (Applicable to Sales Customers Only)</u></b>	A	7.732564	0.019370	0.513566	<b>8.265500</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
<b>Total Delivery Charge</b>		0.081444	0.000179	0.005492	<b>0.087115</b>
<b><u>C-3 (Rate is negotiated. Shown here is the benchmark rate.)</u></b>		0.162900		0.010800	<b>0.173700</b>
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision)	I	0.002596	0.000007	0.000172	0.002775
Balancing Service Charge CASH OUT CHARGE (CREDIT) (Applicable to Firm Transportatin Customers Only)	I				RATE SET MONTHLY
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A				<b>RATE SET MONTHLY</b>

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

<b><u>YARD LIGHTING SERVICE (YLS)</u></b>					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
MONTHLY CHARGE / INSTALL		14.783222		0.979388	15.762610
<b><u>STREET LIGHTING SERVICE (SLS)</u></b>					
MONTHLY CHARGE / INSTALL		17.893193		1.185424	19.078617
<b><u>INTERRUPTIBLE GAS SALES (IGS)</u></b>					
Commodity					Rate Set Monthly
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
USF	E	0.010800	0.000000	0.000800	0.011600
Total SBC:		0.056468	0.000114	0.003833	0.060415
EET	N	0.036134	0.000093	0.002400	0.038627

SOUTH JERSEY GAS COMPANY  
 Schedule of Rate Components  
 Appendix A - Effective \_\_\_\_\_

INTERRUPTIBLE TRANSPORTATION (ITS)					
	<u>RIDER</u>	<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b><u>CUSTOMER CHARGE</u></b>		<b>100.000000</b>		<b>6.625000</b>	<b>106.625000</b>
<b><u>TRANSPORTATION CHARGE A</u></b>		<b>0.028400</b>		<b>0.001900</b>	<b>0.030300</b>
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC:		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
<b><u>TRANSPORTATION CHARGE B</u></b>		<b>0.093200</b>		<b>0.006200</b>	<b>0.099400</b>
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC:		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
<b><u>TRANSPORTATION CHARGE C</u></b>		<b>0.153200</b>		<b>0.010100</b>	<b>0.163300</b>
SBC:					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC:		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627

SOUTH JERSEY GAS COMPANY  
Schedule of Rate Components  
Appendix A - Effective \_\_\_\_\_

<u>NATURAL GAS VEHICLE (NGV)</u>		<u>RATE</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<b><u>COMPANY OPERATED FUELING STATIONS</u></b>					
<b><u>DELIVERY CHARGE (per therm):</u></b>					
SBC					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC:		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
<b>Total Delivery Charge</b>		0.081444	0.000179	0.005492	<b>0.087115</b>
<b><u>DISTRIBUTION CHARGE</u></b>		0.220521	0.000603	0.014649	<b>0.235773</b>
<b><u>COMPRESSION CHARGE</u></b>		0.613280	0.001678	0.040741	<b>0.655699</b>
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)	I	0.002596	0.000007	0.000172	0.002775
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A				<b>RATE SET MONTHLY</b>
<b><u>CUSTOMER OPERATED FUELING STATIONS</u></b>					
<b><u>CUSTOMER CHARGE</u></b>					
	0 - 999 CF/hour	37.500000		2.484400	<b>39.984400</b>
	1,000 - 4,999 CF/hour	75.000000		4.968800	<b>79.968800</b>
	5,000 - 24,999 CF/hour	220.000000		14.575000	<b>234.575000</b>
	25,000 or Greater CF/hour	925.000000		61.281250	<b>986.281250</b>
<b><u>DELIVERY CHARGE (per therm):</u></b>					
SBC					
RAC	E, K	0.045668	0.000114	0.003033	0.048815
CLEP	E, G	0.018023	0.000045	0.001197	0.019265
USF	E	<u>0.010800</u>	<u>0.000000</u>	<u>0.000800</u>	<u>0.011600</u>
Total SBC:		0.074491	0.000159	0.005030	0.079680
EET	N	0.036134	0.000093	0.002400	0.038627
2017 Tax Act	H	(0.029181)	(0.000073)	(0.001938)	(0.031192)
<b>Total Delivery Charge</b>		0.081444	0.000179	0.005492	<b>0.087115</b>
<b><u>DISTRIBUTION CHARGE</u></b>		0.220521	0.000552	0.014646	<b>0.235719</b>
Balancing Service Charge BS-1	I	0.082967	0.000208	0.005510	0.088685
Balancing Service Charge BS-1 (Opt Out Provision) (Applicable for Transportation Customers Only)	I	0.002596	0.000007	0.000172	0.002775
Balancing Service Charge BS-1	J	0.082967	0.000208	0.005510	0.088685
<b><u>BGSS: (Applicable To Sales Customers Only)</u></b>	A				<b>RATE SET MONTHLY</b>
<b><u>Facilities Charge (Applicable only to Customers that elect the Company construct Compressed Natural Gas ("CNG") fueling Facilities located on Customer's property)</u></b>		0.240615		0.015941	<b>0.256556</b>

**SOUTH JERSEY GAS COMPANY**  
**Appendix A - Effective \_\_\_\_\_**

**Heat Residential Rate Schedule:**

	<i>RSG FSS</i>	<i>RSG-FTS</i>	<i>Difference</i>
BGSS	0.229419	0.000000	0.229419
Base Rate	0.863939	0.863939	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
CIP	0.068327	0.068327	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.038627	0.038627	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
<b>Price to Compare</b>	<b>1.338807</b>	<b>1.109387</b>	<b>0.229419</b>

**NonHeat Residential Rate Schedule:**

	<i>RSG FSS</i>	<i>RSG-FTS</i>	<i>Difference</i>
BGSS	0.229419	0.000000	0.229419
CIP	(0.116750)	(0.116750)	0.000000
Base Rate	0.863939	0.863939	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.038627	0.038627	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
<b>Price to Compare</b>	<b>1.153730</b>	<b>0.924310</b>	<b>0.229419</b>

**GSG**  
**(Under 5,000 therms annually)**

	<i>GSG FSS</i>	<i>GSG-FTS</i>	<i>Difference</i>
BGSS	0.229419	0.000000	0.229419
CIP	0.028824	0.028824	0.000000
Base Rates	0.708516	0.708516	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.038627	0.038627	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
<b>Price to Compare</b>	<b>1.143881</b>	<b>0.914461</b>	<b>0.229419</b>

**GSG**  
**(5,000 therms annually or greater)**

	<i>GSG FSS</i>	<i>GSG-FTS</i>	<i>Difference</i>
BGSS	0.428640	0.000000	0.428640
CIP	0.028824	0.028824	0.000000
Base Rates	0.708516	0.708516	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.038627	0.038627	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
<b>Price to Compare</b>	<b>1.343101</b>	<b>0.914461</b>	<b>0.428640</b>

**GSG-LV**

	<i>Prior to 7/15/97</i>		
	<i>GSG-LV FSS</i>	<i>GSG-LV-FTS</i>	<i>Difference</i>
BGSS	0.428640	0.000000	0.428640
CIP	0.017343	0.017343	0.000000
Base Rates	0.351481	0.351481	0.000000
CLEP	0.019265	0.019265	0.000000
RAC	0.048815	0.048815	0.000000
USF	0.011600	0.011600	0.000000
TIC	0.001321	0.001321	0.000000
EET	0.038627	0.038627	0.000000
2017 Tax Act	(0.031192)	(0.031192)	0.000000
BSC "J" BS-1	0.088685	0.088685	0.000000
<b>Price to Compare</b>	<b>0.974585</b>	<b>0.545945</b>	<b>0.428640</b>



SJG Energy Efficiency Program  
Minimum Filing Requirements for Rate Filing  
Minimum Filing Requirements (MFRs)

1. Information on direct FTE employment impacts, including a breakdown by each of the Board approved SJG EE programs. The Company will not be responsible for addressing the level of employment activity for HVAC and/or HPES contractors that are hired by customers unless those contractors are hired by SJG.
2. A monthly revenue requirement calculation based on EE Program expenditures, including the investment and cost components showing the actual monthly revenue requirement for each of the past 12 months or clause-review period, as well as supporting calculations, including the information related to the tax rate and revenue multiplier used in the revenue requirement calculation. The utility shall provide electronic copies of such supporting information, with all inputs and formulae intact, where applicable.
3. For the review period, actual clause revenues, by month and by rate class recorded under the EE Program.
4. Monthly beginning and ending clause deferred balances related to the EE Program, as well as the average deferred balance, net of tax, for the actual 12-month period and forecast period.
5. The interest rate used each month for over/under deferred balance recoveries related to the EE Program, and all supporting documentation and calculations for the interest rate.
6. The interest expense to be charged or credited to ratepayers each month.
7. A schedule showing budgeted versus actual EE Program costs by the following categories: administrative (all utility costs); marketing/sales; training; rebates/incentives, including inspections and quality control; program implementation (all contract costs); evaluation; and any other costs. To the extent that the Board directs New Jersey's Clean Energy Program to report additional categories, the utility shall provide additional categories, as applicable.
8. A schedule showing budgeted versus actual EE Program revenues.
9. The monthly journal entries utilized (including the accounts and account numbers) relating to regulatory asset and deferred O&M expenses related to the EE Program for the actual 12-month review period.
10. Supporting details for all administrative costs related to the EE Program included in the revenue requirement.
11. Information supporting the carrying cost used for the unamortized costs of the EE program.

12. Number of program participants for each of the Board approved SJG EE programs, including a breakdown by sub-program, if applicable.
13. Estimated demand and energy savings for each of the Board approved SJG EE programs, including a breakdown by sub-program, if applicable.
14. Estimated emissions reductions for each of the Board approved SJG EE programs, including a breakdown by sub-program, if applicable.
15. Testimony supporting the annual true-up petition.
16. If the Company is filing for an increase in rates, the Company shall include a draft public notice with the annual true-up petition and proposed publication dates.
17. For programs that provide incentives for conversion of energy utilization to natural gas from other energy sources (e.g., converting from electric to gas furnaces), the Company shall identify:
  - i. the number of such projects;
  - ii. an estimate of the increase in annual gas demand and energy associated with these projects; and
  - iii. the avoided use of electricity and/or other fuels.
18. In areas where gas and electric service territories overlap, the Company shall provide:
  - i. The number of projects in progress and completed.
    - a. For each project, identify which utility is the lead utility providing the program services and the partner utility with whom the services were coordinated.
19. Tariff pages in clean and redline versions.
20. Net impact of the proposed rate changes.

**South Jersey Gas Company  
Energy Efficiency Tracker - 2021 Extension (EET V)  
Annual Revenue Requirements**

**Attachment D**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b><u>DIRECT PROGRAM INVESTMENTS</u></b>			
Annual Investment	\$ 16,860,829	\$ 21,778,018	\$ 31,676,156
Cumulative Investment	\$ 16,860,829	\$ 38,638,848	\$ 70,315,004
Less Accumulated Amortization	\$ (777,290)	\$ (3,440,853)	\$ (8,759,629)
Less Accumulated Deferred Tax	\$ (4,521,083)	\$ (9,894,156)	\$ (17,303,216)
Net Investment	\$ 11,562,456	\$ 25,303,839	\$ 44,252,159
Rate of Return (Pre Tax)	8.93%	8.93%	8.93%
Required Net Operating Income	\$ 570,553	\$ 1,694,716	\$ 3,193,603
Incremental O&M Pre Tax	\$ 2,171,662	\$ 2,395,141	\$ 3,259,736
Pre Tax Amortization	\$ 777,290	\$ 2,663,562	\$ 5,318,776
Operating Income	\$ 3,519,505	\$ 6,753,419	\$ 11,772,115
Revenue Factor	1.01928	1.01928	1.01928
Revenue Requirement Excluding SUT	\$ 3,587,353	\$ 6,883,609	\$ 11,999,054
<b><u>LOAN PROGRAM INVESTMENTS</u></b>			
Annual Investment	\$ 13,462,847	\$ 14,183,834	\$ 17,729,275
Less Loan Repayments	\$ (893)	\$ (2,792,617)	\$ (5,215,055)
Net Investment	\$ 13,461,954	\$ 11,391,217	\$ 12,514,220
Cumulative Investment	\$ 13,461,954	\$ 24,853,171	\$ 37,367,391
Rate of Return (Pre Tax)	8.93%	8.93%	8.93%
Required Net Operating Income	\$ 726,028	\$ 1,852,075	\$ 2,940,064
Incremental O&M Pre Tax	\$ 1,063,363	\$ 1,137,828	\$ 1,526,236
Operating Income	\$ 1,789,391	\$ 2,989,902	\$ 4,466,299
Revenue Factor	1.01928	1.01928	1.01928
Revenue Requirement Excluding SUT	\$ 1,823,886	\$ 3,047,541	\$ 4,552,399
<b><u>RATE CALCULATION</u></b>			
Revenue Requirement For Direct Investments Excluding SUT	\$ 3,587,353	\$ 6,883,609	\$ 11,999,054
Revenue Requirement For Loans Programs Excluding SUT	\$ 1,823,886	\$ 3,047,541	\$ 4,552,399
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ -	\$ 399	\$ 3,166
Total Revenue Requirements	\$ 5,411,239	\$ 9,931,548	\$ 16,554,619
Therms	532,916,436	532,916,436	532,916,436
Rate Per Therm, Excluding SUT	\$ 0.010154	\$ 0.018636	\$ 0.031064
Rate Per Therm, Including SUT	\$ 0.010827	\$ 0.019871	\$ 0.033122
<b><u>Annual Bill Impact</u></b>			
Residential Non Heat (210 Therms)	\$ 2.27	\$ 1.90	\$ 2.78
Residential Heat (727 Therms)	\$ 7.86	\$ 6.58	\$ 9.63
General Service (3,595 Therms)	\$ 38.92	\$ 32.51	\$ 47.63
General Service - Large Volume (178,885 Therms)	\$ 1,936.79	\$ 1,617.84	\$ 2,370.41

**South Jersey Gas Company  
Energy Efficiency Tracker - 2021 Extension (EET V)  
Annual Revenue Requirements**

**Attachment D**

	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>
<b><u>DIRECT PROGRAM INVESTMENTS</u></b>			
Annual Investment	\$ 3,626,010	\$ 718,447	\$ 99,837
Cumulative Investment	\$ 73,941,014	\$ 74,659,461	\$ 74,759,297
Less Accumulated Amortization	\$ (16,052,326)	\$ (23,486,800)	\$ (30,961,162)
Less Accumulated Deferred Tax	\$ (16,272,510)	\$ (14,384,635)	\$ (12,311,656)
Net Investment	\$ 41,616,177	\$ 36,788,026	\$ 31,486,480
Rate of Return (Pre Tax)	8.93%	8.93%	8.93%
Required Net Operating Income	\$ 3,885,803	\$ 3,486,910	\$ 3,030,323
Incremental O&M Pre Tax	\$ -	\$ -	\$ -
Pre Tax Amortization	\$ 7,292,698	\$ 7,434,474	\$ 7,474,362
Operating Income	\$ 11,178,501	\$ 10,921,384	\$ 10,504,684
Revenue Factor	1.01928	1.01928	1.01928
Revenue Requirement Excluding SUT	\$ 11,393,996	\$ 11,131,922	\$ 10,707,190
<b><u>LOAN PROGRAM INVESTMENTS</u></b>			
Annual Investment	\$ 810,867	\$ 661,172	\$ 105,233
Less Loan Repayments	\$ (6,466,084)	\$ (6,570,611)	\$ (6,588,080)
Net Investment	\$ (5,655,217)	\$ (5,909,439)	\$ (6,482,848)
Cumulative Investment	\$ 31,712,174	\$ 25,802,736	\$ 19,319,888
Rate of Return (Pre Tax)	8.93%	8.93%	8.93%
Required Net Operating Income	\$ 3,066,872	\$ 2,555,756	\$ 1,993,572
Incremental O&M Pre Tax	\$ -	\$ -	\$ -
Operating Income	\$ 3,066,872	\$ 2,555,756	\$ 1,993,572
Revenue Factor	1.01928	1.01928	1.0193
Revenue Requirement Excluding SUT	\$ 3,125,994	\$ 2,605,025	\$ 2,032,003
<b><u>RATE CALCULATION</u></b>			
Revenue Requirement For Direct Investments Excluding SUT	\$ 11,393,996	\$ 11,131,922	\$ 10,707,190
Revenue Requirement For Loans Programs Excluding SUT	\$ 3,125,994	\$ 2,605,025	\$ 2,032,003
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ 5,266	\$ 8,653	\$ 8,525
Total Revenue Requirements	\$ 14,525,256	\$ 13,745,601	\$ 12,747,718
Therms	532,916,436	532,916,436	532,916,436
Rate Per Therm, Excluding SUT	\$ 0.027256	\$ 0.025793	\$ 0.023921
Rate Per Therm, Including SUT	\$ 0.029062	\$ 0.027502	\$ 0.025506
<b><u>Annual Bill Impact</u></b>			
Residential Non Heat (210 Therms)	\$ (0.85)	\$ (0.33)	\$ (0.42)
Residential Heat (727 Therms)	\$ (2.95)	\$ (1.14)	\$ (1.45)
General Service (3,595 Therms)	\$ (14.59)	\$ (5.61)	\$ (7.18)
General Service - Large Volume (178,885 Therms)	\$ (726.28)	\$ (279.06)	\$ (357.05)

**South Jersey Gas Company  
Energy Efficiency Tracker - 2021 Extension (EET V)  
Annual Revenue Requirements**

**Attachment D**

	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>
<b><u>DIRECT PROGRAM INVESTMENTS</u></b>				
Annual Investment	\$ -	\$ -	\$ -	\$ -
Cumulative Investment	\$ 74,759,297	\$ 74,759,297	\$ 74,759,297	\$ 74,759,297
Less Accumulated Amortization	\$ (38,437,091)	\$ (45,913,021)	\$ (53,388,951)	\$ (60,864,880)
Less Accumulated Deferred Tax	\$ (10,210,172)	\$ (8,108,688)	\$ (6,007,204)	\$ (3,905,721)
Net Investment	\$ 26,112,034	\$ 20,737,588	\$ 15,363,142	\$ 9,988,696
Rate of Return (Pre Tax)	8.93%	8.93%	8.93%	8.93%
Required Net Operating Income	\$ 2,551,005	\$ 2,071,212	\$ 1,591,419	\$ 1,111,626
Incremental O&M Pre Tax	\$ -	\$ -	\$ -	\$ -
Pre Tax Amortization	\$ 7,475,930	\$ 7,475,930	\$ 7,475,930	\$ 7,475,930
Operating Income	\$ 10,026,934	\$ 9,547,141	\$ 9,067,349	\$ 8,587,556
Revenue Factor	1.01928	1.01928	1.01928	1.01928
Revenue Requirement Excluding SUT	\$ 10,220,230	\$ 9,731,188	\$ 9,242,146	\$ 8,753,104
<b><u>LOAN PROGRAM INVESTMENTS</u></b>				
Annual Investment	\$ -	\$ -	\$ -	\$ -
Less Loan Repayments	\$ (6,532,475)	\$ (5,610,572)	\$ (3,737,802)	\$ (2,482,158)
Net Investment	\$ (6,532,475)	\$ (5,610,572)	\$ (3,737,802)	\$ (2,482,158)
Cumulative Investment	\$ 12,787,413	\$ 7,176,841	\$ 3,439,039	\$ 956,880
Rate of Return (Pre Tax)	8.93%	8.93%	8.93%	8.93%
Required Net Operating Income	\$ 1,408,389	\$ 857,693	\$ 445,923	\$ 182,655
Incremental O&M Pre Tax	\$ -	\$ -	\$ -	\$ -
Operating Income	\$ 1,408,389	\$ 857,693	\$ 445,923	\$ 182,655
Revenue Factor	1.0193	1.0193	1.0193	1.0193
Revenue Requirement Excluding SUT	\$ 1,435,539	\$ 874,227	\$ 454,519	\$ 186,176
<b><u>RATE CALCULATION</u></b>				
Revenue Requirement For Direct Investments Excluding SUT	\$ 10,220,230	\$ 9,731,188	\$ 9,242,146	\$ 8,753,104
Revenue Requirement For Loans Programs Excluding SUT	\$ 1,435,539	\$ 874,227	\$ 454,519	\$ 186,176
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ 7,812	\$ 7,553	\$ 6,661	\$ 6,067
Total Revenue Requirements	\$ 11,663,582	\$ 10,612,968	\$ 9,703,325	\$ 8,945,347
Therms	532,916,436	532,916,436	532,916,436	532,916,436
Rate Per Therm, Excluding SUT	\$ 0.021886	\$ 0.019915	\$ 0.018208	\$ 0.016786
Rate Per Therm, Including SUT	\$ 0.023336	\$ 0.021234	\$ 0.019414	\$ 0.017898
<b><u>Annual Bill Impact</u></b>				
Residential Non Heat (210 Therms)	\$ (0.46)	\$ (0.44)	\$ (0.38)	\$ (0.32)
Residential Heat (727 Therms)	\$ (1.57)	\$ (1.53)	\$ (1.32)	\$ (1.11)
General Service (3,595 Therms)	\$ (7.80)	\$ (7.55)	\$ (6.54)	\$ (5.45)
General Service - Large Volume (178,885 Therms)	\$ (388.18)	\$ (376.02)	\$ (325.57)	\$ (271.19)