



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CLEAN ENERGY

IN THE MATTER OF THE COMPREHENSIVE) ORDER
ENERGY EFFICIENCY AND RENEWABLE)
ENERGY RESOURCE ANALYSIS FOR FISCAL)
YEAR 2022 CLEAN ENERGY PROGRAM) DOCKET NO. QO21040721

Parties of Record:

- Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel
- Philip J. Passanante, Esq.**, Atlantic City Electric Company
- Deborah M. Franco, Esq.**, Elizabethtown Gas Company and South Jersey Gas Company
- Joshua R. Eckert, Esq.**, Jersey Central Power and Light Company
- Andrew K. Dembia, Esq.**, New Jersey Natural Gas Company
- Matthew M. Weissman, Esq.**, Public Service Electric and Gas Company
- Margaret Comes, Esq.**, Rockland Electric Company
- Michael Ambrosio**, TRC Energy Services

BY THE BOARD:

This Order memorializes action taken by the Board of Public Utilities (“Board” or “BPU”) at its June 24, 2021 public meeting at which the Board considered and determined the funding for New Jersey’s Clean Energy Program (“NJCEP”) for Fiscal Year 2022 (“FY22”).¹

BACKGROUND AND PROCEDURAL HISTORY

On February 9, 1999, the Electric Discount and Energy Competition Act (“EDECA” or “Act”), N.J.S.A. 48:3-49 et seq., was signed into law, creating the societal benefits charge (“SBC”) to fund programs for the advancement of energy efficiency (“EE”) and renewable energy (“RE”) in New Jersey. The Act also provided for the Board to initiate proceedings and undertake a comprehensive resource analysis (collectively, the “CRA Straw Proposal”) of EE and RE programs in New Jersey every four years. The CRA would then be used to determine the appropriate level of funding over the next four years for the EE and Class I RE programs, which

¹ The funding levels approved in this Order are subject to State appropriations law.

are part of what is now known as NJCEP. Accordingly, in 1999, the Board initiated its first CRA proceeding, and in 2001, it issued an order setting funding levels, the programs to be funded, and the budgets for those programs, all for the years 2001 through 2003. Since then, the Board has issued numerous Orders setting the funding levels, related programs, and program budgets for the years 2004 – Fiscal Year 2021 (“FY21”).²

On May 7, 2021, via the BPU listserv and the NJCEP website, Staff provided public notice of a May 25, 2021 public hearing. The notice included the announcement that the draft FY22 CRA (“CRA Straw Proposal”) and related programs and budget for FY22 would be released during the week of May 17, 2021. On May 18, 2021, the Board released the draft FY22 CRA and related programs and budget for FY22. The notice solicited written comments from the public on the CRA Straw Proposal, with a due date of June 4, 2021. In addition, by email dated May 27, 2021, the New Jersey Department of Environmental Protection (“NJDEP”), confirmed that: (a) the Board had consulted with the NJDEP regarding the CRA Straw Proposal, including, without limit, the Proposed FY22 Funding Level set forth therein, as defined below; and (b) the NJDEP agreed with the Proposed FY22 Funding Level.

CRA STRAW PROPOSAL

The following summarizes the key components of the CRA Straw Proposal.

Funding Levels

The CRA Straw Proposal’s funding levels include the funding estimated to meet the needs of the NJCEP and Board Staff (“Staff”) efforts to advance the initiatives required by L. 2018, c. 17, codified at N.J.S.A. 48:3-87.8 et al. (“Clean Energy Act” or “CEA”). For FY22, Staff recommends that the Board set a new SBC funding level of \$344,665,000, which is the same funding level approved by the Board since FY15. When combined with other sources of funds, it results in total FY22 funding of \$586,106,880 (collectively, “Proposed FY22 Funding Level”).³ Staff estimates that the Proposed FY22 Funding Level will be sufficient to maintain a full portfolio of programs.

The table below provides more details regarding the FY22 Funding Level.

FY22 Funding Levels		
CEP Budget Category	FY22 SBC Funding	Total FY22 Funding
<i>Total NJCEP + State Initiatives</i>	344,665,000	586,106,880
State Energy Initiatives	87,100,000	87,100,000
Total NJCEP	257,565,000	499,006,880
Energy Efficiency Programs	137,484,894	311,225,053
Res EE Programs	18,169,071	26,386,739

² In the early years, the budgets and programs were based on calendar years, but in 2012, the Board determined to begin basing the budgets and programs on fiscal years to align with the overall State budget cycle. In 2012, the Board began to issue a CRA annually.

³ Other sources of funding can include interest earnings, carryforward funds, and revenue from application fees.

Res Low Income (Comfort Partners)	45,930,000	45,930,000
C&I EE Programs	46,555,175	153,334,372
Energy Efficiency Transition	16,530,648	23,340,494
State Facilities Initiative	7,300,000	57,733,448
Acoustical Testing Pilot	3,000,000	4,500,000
Distributed Energy Resources	5,472,918	24,635,545
CHP - FC	5,472,918	20,635,545
Microgrids	0	4,000,000
RE Programs	11,661,449	29,384,270
Offshore Wind	8,992,441	26,715,262
Solar Registration	2,669,008	2,669,008
EDA Programs	9,587,000	15,359,085
Clean Energy Manufacturing Fund	87,000	109,085
NJ Wind	7,000,000	11,500,000
R&D Energy Tech Hub	2,500,000	3,750,000
Planning and Administration	30,920,000	45,510,870
BPU Program Administration	5,185,000	5,185,000
Marketing	8,000,000	13,601,927
CEP Website	0	400,000
Program Evaluation/Analysis	12,700,000	19,724,922
Outreach and Education	4,710,000	6,210,000
Memberships	325,000	389,021
BPU Initiatives	62,438,739	72,892,057
Community Energy Grants	505,000	1,000,000
Storage	20,000,000	20,000,000
Electric Vehicle Program	41,933,739	47,392,057
Workforce Development	0	4,500,000

SBC Collection Schedule

Staff utilized the utilities' revenue and sales projections to develop the proposed monthly utility payments, resulting in the table below. Staff recommends that the Board use these assumptions for allocating the funding to utilities in FY22. The table below sets out the proposed monthly payments to the Clean Energy Trust Fund due from each utility. This fund accounts for revenues collected from the SBC on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives.

FY22 Utility Payments

Monthly Utility Funding Levels													
FY22	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	\$13,302,146.32	\$13,315,978.26	\$12,109,081.19	\$10,149,255.85	\$9,639,995.66	\$11,066,446.09	\$11,629,038.16	\$10,944,459.25	\$10,410,878.71	\$9,581,229.84	\$9,639,442.58	\$11,036,616.23	\$132,824,568.14
JCP&L	\$6,502,436.47	\$7,056,759.34	\$6,317,449.68	\$4,776,125.32	\$4,469,310.27	\$4,989,556.45	\$5,920,149.03	\$5,451,678.38	\$5,077,436.18	\$4,612,120.18	\$4,579,604.38	\$5,351,219.52	\$65,103,845.20
ACE	\$2,993,988.56	\$3,181,962.68	\$3,156,069.74	\$1,786,502.60	\$1,913,871.06	\$2,040,983.16	\$2,421,861.38	\$2,267,454.89	\$2,237,822.05	\$1,881,057.42	\$1,860,370.93	\$2,155,318.58	\$27,897,263.05
RECO	\$504,581.42	\$503,431.29	\$455,162.01	\$385,280.16	\$356,231.18	\$392,210.51	\$405,683.45	\$367,778.47	\$339,396.57	\$327,244.63	\$339,182.98	\$404,543.18	\$4,780,725.85
NJN	\$487,826.70	\$489,397.55	\$479,189.40	\$824,882.17	\$1,671,983.09	\$2,771,780.90	\$3,420,487.18	\$2,857,526.98	\$2,318,941.56	\$1,205,903.72	\$664,772.68	\$493,832.79	\$17,686,524.72
SJG	\$483,792.47	\$461,378.67	\$472,900.31	\$469,824.29	\$924,751.56	\$1,488,955.43	\$2,208,811.90	\$2,147,940.54	\$1,906,220.35	\$1,391,609.50	\$705,082.24	\$544,628.95	\$13,205,896.21
PS-Gas	\$1,992,344.37	\$1,896,116.95	\$1,936,574.66	\$2,699,332.23	\$5,379,454.19	\$9,329,363.74	\$12,130,057.52	\$12,161,503.09	\$9,998,413.90	\$7,009,465.45	\$3,568,917.26	\$2,590,390.19	\$70,691,933.55
ETG	\$440,695.09	\$449,591.26	\$402,731.48	\$502,175.33	\$904,559.88	\$1,491,880.75	\$1,964,121.37	\$2,156,243.97	\$1,732,573.03	\$1,243,481.77	\$714,840.94	\$471,348.41	\$12,474,243.28
Total	\$26,707,811.40	\$27,354,616.00	\$25,329,158.47	\$21,593,377.95	\$25,260,156.89	\$33,571,177.03	\$40,100,209.99	\$38,354,585.57	\$34,021,682.35	\$27,252,112.51	\$22,072,213.99	\$23,047,897.85	\$344,665,000.00
Note: yellow cell reduced by \$0.07 to adjust for rounding													

[Space Intentionally Blank]

Rate Impacts

The Proposed FY22 Funding Level represents a continuation of the current funding level, and its approval will therefore have no incremental impact on rates.

SUMMARY OF COMMENTS FROM PUBLIC STAKEHOLDERS

Written and oral comments regarding the Proposed FY22 Compliance Filings, the Proposed FY22 Budget, and the Charge Up New Jersey Program - Fiscal Year 2022 Straw Proposal were submitted by the Amy Tsang, Affordable Homes Group, American Council for an Energy-Efficient Economy, Bloom Energy, Ceres, ChargEVC, ChargePoint, Chris Wong, Community Clean Energy Microgrids, Danh Nguyen, David Buenocore, David Nerenberg, Deepak Arora, Derek Cohen, Don Kim, and Tesla, Energy Efficiency Alliance of New Jersey (“EEA-NJ”), Environmental Defense Fund, Environment New Jersey, Erin Bradley, Guillermo Vargas Dellacasa, Hengle Zambrano, Home Energy Diagnostics, Ira Gross, Isles Inc., Kadir Karagoz, Lia Tisseverasinghe, Matthew Kluger, Marc Weinberg, Michael Buonocore, Mike Riccoili, Muhammad Atiya, NanoPV Solar Inc., National Fuel Cell Research Center, Natural Resources Defense Council (“NRDC”), New Jersey Coalition of Automotive Retailers (“NJCAR”) New Jersey Conservation Foundation, New Jersey Division of Rate Counsel, New Jersey Natural Gas (“NJNG”), New Jersey Property Assessed Clean Energy (“NJ PACE”), New Jersey Public Research Group, New Jersey Utilities Association (“NJUA”), New Jersey Work Environment Council, Nicholas Spaltro, Nicole Rice, Olga Krazotkina, Richard Pauls, Sean Hadley, Shalom Azar, Sierra Club New Jersey Chapter, Rose Salvatore, Sean Hadley, Smit Ganhi, Stanislav Jaracz, Steven Toto, Stephaine Lezotte, Stephen Volpe, Sudhir Patel, Sunrise Movement, Tattleaux Solar Group, Uday Arrealla, and Vibhu Shakelli.

Below is a summary of the testimony and comments, as well as Staff’s responses to them. However, Staff reiterates, in FY22 many NJCEP programs will be transitioned to the utilities, and the contract with the current Program Administrator for many of the remaining programs will expire. In addition, Staff is conducting a series of meetings and other outreach for soliciting input on broad features of the programs that will enable the State to meet the clean energy goals set forth in the CEA, the EMP, and similar documents. Accordingly, although Staff is ready, willing, and able to further consider input on such broad features, in many cases the current proceeding is not an appropriate vehicle for doing so.

Staff notes that the process and schedule for commenting on the CRA Straw Proposal and on the associated draft Clean Energy Programs and Budget for FY22 (“FY22 Compliance Filings and Budgets”) were very similar and that both proposals are being presented to the Board on the same Agenda. Because some comments do not readily lend themselves to being classified as being about one proposal versus the other, Staff strongly encourages readers to read the comments and responses regarding both proposals.

General Comments

Comment: Ceres, EEA-NJ, Environmental Defense Fund, Environment New Jersey, Isles Inc., NJPIRG, and NRDC (collectively, the “NGOs”) recommend that the Board allocate funds in the FY22 CRA to begin the building energy benchmarking program required by the Clean Energy Act. They note that benchmarking benefits building owners by providing them with data to assess building performance and make long-term energy efficiency improvements. Benchmarking also benefits the State and program administrators by providing important building data to modify or

develop new programs, host educational events, and develop other resources to target and assist under-performing buildings.

Also, the commenters suggest that the Board allocate funds and hire a consultant to design the program and begin implementation this year for the following reasons. First, the statutory deadline of 2023 is fast approaching and beginning before this deadline will ensure sufficient lead-time to carefully develop the program. Next, it is in the best interest of State goals to implement benchmarking as soon as possible in order to provide building owners with data to better manage energy use as well as provide the State and program administrators with data to design programs more effectively. Further, it will take some time for utilities to develop the necessary IT infrastructure to provide building owners easy access to energy use data. Finally, the Board should have a fully operational building energy benchmarking program before the next triennial review of the State-, and utility-run EE programs in order to effectively design energy efficiency and peak demand reduction programs for the second triennial period. The commenters caution that not having building benchmarking data for that critical design period would set the State back years in achieving its climate and clean energy goals.

Response: Staff thanks the commenters and acknowledges the importance of an effective benchmarking program in achieving New Jersey's climate and clean energy goals. Staff is currently in the early stages of developing a benchmarking program with the funding outlined in a March 24, 2020 Board Order⁴ and will consider allocating additional funds as needed. At this time, Staff is receiving technical assistance through existing contracts but will evaluate the need for additional consultant resources as program development progresses.

Comment: ACEEE, the NGOs, and Rate Counsel commented that the proposed FY22 Compliance Filings and FY22 CRA appear to represent only one year of programming and not to be part of a larger three-year filing that they believe to have been contemplated by the Board's June 10, 2020 Order Directing the Utilities to Establish Energy Efficiency and Peak Demand Reduction Programs.

Response: Because the current Program Administrator's contract expires in November 2021, and because the utility transition will be occurring through FY22, it was and is appropriate to plan and budget for only a year for FY22 and to consider a return to multi-year plans and budgets beginning with FY23 and after additional planning and public engagement on the enhancement of State-run programs.

Comment: ACEEE and the NGOs commented that the NJCEP Programs are not sufficiently focused on electrifying buildings even though the CEA, EMP, and other documents have identified the benefits of and need for such electrification. ACEEE and the NGOs recommended improving that focus by (i) providing higher incentives for all-electric new residential construction, and (ii) the use of State Energy Program funds to incentivize customers using truck-delivered fossil fuels (e.g., home heating oil, propane) to switch to heat pumps.

Community Clean Energy Microgrids commented that, for reasons similar to those noted by ACEEE and the NGOs, the Board should significantly increase the incentives for heat pumps through a program it, not a utility, manages.

⁴ I/M/O the United States Department of Energy – State Energy Program – July 1, 2021 – June 30, 2022, BPU Docket No. QO20020109 (March 24, 2020).

Sunrise commented that the Residential HVAC Program should incentivize only electric heat pumps, not gas or oil-fueled equipment, also for reasons generally similar to those noted by ACEEE and the NGOs.

Response: Staff first notes that several of its programs provide support for building electrification by, among other things, providing substantial incentives for heat pumps, especially cold climate heat pumps. Indeed, the incentives for such heat pumps were substantially increased in FY20. That said, Staff acknowledges the key role building decarbonization plays in achieving clean energy objectives and will continue to increase focus on electrification, including reviewing additional measures for stronger support for heat pumps, especially cold climate heat pumps. However, Staff also believes that the transition to electrification requires a well thought-out plan that takes into consideration numerous factors such as installed costs, operating costs, and building characteristics. Accordingly, it will, among other things, continue stakeholder engagement on these matters and consider independent proceedings.

At this time, Staff respectfully disagrees with Sunrise's suggestion that it should immediately cease incentivizing EE fossil-fueled HVAC equipment and notes that there is a benefit of the savings achieved by the increased EE which is currently valuable to achieving energy use reductions and cost-effective.

Comment: Community Clean Energy Microgrids commented that the Board should develop an incentive program for biomass electric generation, in part because a recent state law requires food waste to be separated from other municipal solid waste and then reused or recycled. It claimed that such food waste is "biomass," which is in turn a Class I Renewable Energy source. It finally pointed to the Trenton Biogas project as the type of project the proposed program would be able to support.

Response: Staff agrees that the use of biomass should be supported, but it respectfully submits that its current programs already provide such support. For example, in the current Combined Heat and Power – Fuel Cells ("CHP-FC") Program, systems fueled by a Class 1 renewable fuel source, such as biomass, are eligible for a 30% bonus incentive. Staff also remains open to considering other ways of supporting biomass electrical generation in the future.

Comment: The NGOs recommended that the portion of SEP funds awarded to the State for non-regulated utility and delivered fuel customers only be used to support the electrification of delivered fuel and municipal electric customers, per the NJ DEP's recent 80x50 Report.³ In order for the State to meet its climate targets, it will require electrifying delivered fuel customers, which they believe can be achieved in a cost-effective manner.

Response: Staff thanks the commenters for their remarks. As mentioned previously, as many of the programs transition over to the utilities in FY22, Staff is conducting a series of meetings and other opportunities for soliciting input on broad features of the programs that will enable the State to meet the clean energy goals set forth in the CEA, the EMP, and similar documents. Specifically, SEP programs are evaluated on a yearly basis, and Staff will take these comments into consideration during the next review period.

³ Pursuant to the Global Warming Response Act, the New Jersey Department of Environmental Protection is required to assess the state's progress in meeting the Act's carbon reduction goal of reducing total carbon emissions by 80% by 2050. (Source: <https://www.nj.gov/dep/climatechange/docs/nj-gwra-80x50-report-2020.pdf>).

Budgets

Comment: Community Clean Energy Microgrids expressed their concerns with funding being allocated from the Clean Energy Program to the FY22 State budget and the need to set funding levels on a four-year cycle to help achieve the goals of the EMP. Additionally, commenter is seeking further clarification on what the funds are used for that support the State Energy Initiatives budget line because Community Clean Energy Microgrids asserts that they should strictly be utilized to implement the goals and strategies of the EMP. Specifically, the commenter provides three integrated initiatives that BPU should focus their attention on: 1.) upgrading all existing fossil fuel heating in State buildings to heat pumps; 2.) switching out all internal combustion engines to electric vehicles; and 3.) installing solar and storage on all available State buildings.

Response: Staff appreciates the comments submitted by Community Clean Energy Microgrids regarding funding allocations and the State Energy Initiatives budget line and appreciates Community Clean Energy Microgrids's suggestions; however, Staff believes the funds are appropriately allocated in the State's budget. Also, Staff wants to make sure that it is understood that the State Energy Initiatives is used, in part, for NJ Transit energy related initiatives. Additionally, Staff seeks to reiterate that the COVID-19 pandemic created an environment of significant financial uncertainty throughout the State. Over the past three years, there has been a reduction in the need for this non-recurring revenue, and these funds have gone to support other essential services, such as providing support for reducing energy use and promoting cleaner ways of producing power.

Comment: Rate Counsel commented that Board Staff has not explained why there remains a \$241,000,000 carryover from FY21 and the need for greater transparency into the development of NJCEP's budget. Additionally, Rate Counsel expressed concern about the amount and use of funding in NJCEP's budget going towards the State Energy Initiatives.

Response: The primary reason for the carryover, which is not unusually large as compared to carryovers from previous FYs, is that State law requires State programs to incur an expense against their budgets, i.e., to encumber their budgeted funds, when they make a commitment, even though the expense may not be paid until a subsequent fiscal year. Especially for NJCEP's C&I and New Construction Programs, commitments are typically made several months, if not several years, in advance of when payment is made. Similarly, when the Board enters into contracts for services, such as for formally evaluating a program, the Board is required to encumber the full amount of the contract at the time at which it is entered into. Thus, it is necessary and appropriate to carryover approximately \$240,000,000 to cover the committed, but unpaid, incentives and contractual commitments expected to exist at the end of FY21.

Also, Staff appreciates the comment regarding the State Energy Initiatives and would like to emphasize again that the COVID-19 pandemic created an environment of significant financial uncertainty throughout the state. Nonetheless, funds lapsed from the NJCEP have been reduced over the last three years as compared to prior years.

Comment: The New Jersey Work Environment Council and Jersey Renews provided its support for the level of funding across the FY22 budget including offshore wind, energy storage, electric vehicles, and microgrids.

Response: Staff appreciates the commenters support.

Comment: Rate Counsel and the Community Clean Energy Microgrids commented that there are no details on the rate impacts.

Response: Staff will be evaluating the rate impact under the EMP rate impact study.

Comment: Community Clean Energy Microgrids noted that the costs of the CEP should not only be based on gas and electric usage, but should be based on greenhouse gas and global warming impacts.

Response: Staff appreciates this comment and notes that evaluation of additional tracking mechanisms, beyond that which is already required for programs, is under discussion by Staff and stakeholders, and that the Board has renewed its commitment to robust measurement and verification through order and through the procurement of a Statewide Evaluator.

Energy Efficiency

Comment: Home Energy Diagnostics expressed their concern about some of the utility-run programs of the EE transition.

Response: Staff appreciates Home Energy Diagnostics' feedback and request for clarification as it pertains to the energy efficiency transition. Staff is working diligently to ensure the smoothest transition possible and has been working with the utilities, including PSE&G, to provide both customers and contractors the necessary information about their programs. As the program in question will be run by PSE&G, Staff encourages them to follow up directly with them. Staff will continue work the utilities to ensure that all messaging is disseminated to avoid market confusion.

Comment: The NGOs expressed their desire to ensure that the Board's procedures for EE program evaluation and reporting are consistent with the EE Framework Order.⁴ They would like to see timely and transparent reporting across both utility- and State-run EE programs. The NGOs feel this is critical to evaluate program performance, budget decisions, and to ensure the programs are delivering on the State's climate goals. They recommend that Staff report on metrics such as cost-effectiveness, environmental benefits, program participation, and expenditures, as well as the cost-to-achieve requirements contained in the EE Framework order.⁵

Response: Staff agrees with the NGOs that transparency and feedback are an important part of the energy efficiency transition and will continue to use the monthly public EE Committee Meetings to share necessary updates and receive feedback as well as to continue to post reports on the NJCEP website. Staff is also committed to ensuring that the reporting required of the utilities on EE program achievement by the EE Framework Order be accessible and easily available for public review.

Comment: The NGOs and Rate Counsel commented that, in order to ensure transparency and accountability, Staff should report the same type of data the utilities report regarding their energy efficiency ("EE") programs, such as energy savings, cost-effectiveness, environmental benefits (e.g., greenhouse gas reductions), number and types of participants, and program expenditures

⁴ 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 (June 10, 2020) ("June 2020 Order").

⁵ Id.

associated with state programs. It suggested that such data, including data regarding cost effectiveness, was not reported for the programs administered by TRC.

Response: Staff agrees that transparency and accountability are important and that those characteristics are furthered by the reporting of the types of data described by the commenters. However, Staff respectfully submits that all of that data is provided through the TRC Compliance Filing, including the Cost-Benefit Analyses (“CBAs”) provided in its Appendix G and/or through quarterly public reports that include program expenditures broken out by various cost categories, annual and lifetime energy and demand savings, emission reductions, and number of participants broken out by various reporting metrics for each program.

Comment: Rate Counsel commented that the proposed documents provide an insufficient explanation for the expenditure of \$19,300,000 for Energy Efficiency Transition, which it claims consists only of the statements that \$11,600,000 is for “Administration” and \$7,700,000 is for “Rebates, Grants, and Other Direct Incentives.”

Response: The total budget for the Energy Efficiency Transition is estimated based on transition costs for the existing programs, as well as, the development of the infrastructure to assume program administration and implementation. Because the current program implementation is set to expire, limited details are available due to the anticipated release of the program administrator RFP.

Comment: The NJUA expressed their appreciation of the consistency in the energy efficiency transition and how the FY22 budget fits within this framework.

Response: Staff appreciates the commenters’ support.

State Facilities Initiative

Comment: Rate Counsel commented on their concern regarding the growth of the State Facilities Initiative budget line and their desire to see additional information on the work plan related to the historical and future energy savings stemming from this funding.

Response: Staff thanks Rate Counsel for its comments. The increase to the FY22 budget line for the State Facilities Initiative reflects an effort by Staff to capture known commitments and new funding that is needed to support ongoing and planned projects. A table, with a further explanation, was added to the DCE Compliance Filing that provides further details on each project. Also, Staff agrees that that increasing transparency on spending is appropriate and continues to work toward that end.

Comment: Rate Counsel inquired about what specifically the funding for NJ Wind and R&D Energy Tech Hub budget lines will be used to support.

Response: Staff appreciates Rate Counsel’s comments and refers them to the DCE Compliance Filing, which provides details of the MOUs between the BPU and the EDA for the WIND Institute and R&D Energy Tech Hub. In FY22, funding for the WIND Institute will continue to support key areas such as training programs to address key skill gaps areas, such as submerged arc welding; the development of an offshore wind module which will be utilized in vocational training and continuing education for the industry; and memberships in national and local consortiums on offshore wind. In regard to R&D Energy Tech Hub, FY22 funding will be used to strengthen and

expand the scope of the Seed Grant Program in order to benefit the state's cleantech ecosystem and develop a mentorship program for applicant companies.

EDA Programs

Comment: Rate Counsel inquired about what specifically the funding for NJ Wind and R&D Energy Tech Hub budget lines will be used to support.

Response: Staff appreciates Rate Counsel's comments and refers them to the DCE Compliance Filing, which provides details of the MOUs between the BPU and the EDA for the WIND Institute and R&D Energy Tech Hub. In FY22, funding for the WIND Institute will continue to support key areas such as training programs to address key skill gaps areas, such as submerged arc welding; the development of an offshore wind module which will be utilized in vocational training and continuing education for the industry. In regard to R&D Energy Tech Hub, FY22 funding will be used to strengthen and expand the scope of the Seed Grant Program in order to benefit the state's cleantech ecosystem and develop a mentorship program for applicant companies.

Planning and Administration

Comment: Rate Counsel inquired about the increase in funding associated with the Planning and Administration budget lines, specifically in regard to the Program Evaluation and Marketing, and the reason for why administrative costs are higher despite many of the energy efficiency programs transition to the utilities.

Response: Staff thanks Rate Counsel for these comments regarding needing further clarification on the FY22 budget for Planning and Administration. First, Staff would like to reiterate that the FY22 budget is for a 12-month fiscal year while the FY21 budget was for a 9-month FY. In addition to the carryforward commitments in Marketing, there has only been a slight increase in overall funding for this budget line. This program will continue to support NJCEP's plan to effectively communicate the State's clean energy goals in alignment with the EMP. Also, as the lead implementing agency for the development and implementation of the EMP and NJCEP, the Program Evaluation budget line is crucial for BPU to track and report progress in meeting EMP goals. In addition to performing evaluation studies, Staff will begin working with a contractor to update New Jersey's interconnection rules to reflect national best practices and better enable the state to achieve its clean energy goals.

Clean Energy Equity and Comfort Partners Program

Comment: Community Clean Energy Microgrids expressed support of Comfort Partners and its program offerings for LMI communities. They acknowledged that increased customer access is a desirable outcome but do not fully agree with the program moving away from strict income verification requirements. They suggested using the different low-income designations from the State, with Comfort Partners covering the cost in full for window upgrades, door replacements, roof repairs, and significant structural insulation for "extremely low-income" homes. They also recommended Comfort Partners installing solar on all appropriately faced low-income homes at no or low cost to the homeowner.

Response: After extensive stakeholder engagement and utility investigation into market barriers as well as consistency with the EE Framework Order, staff believes that alternative routes to ensuring access to programs for low-income customers (such as by census-tract as recommended in the Comfort Partners Compliance Filing, is appropriate and necessary. Staff

appreciates comments that would expand incentives as it relates to the Comfort Partner program, including the addition of solar installation and additional home improvement repairs. Per the Comfort Partners Compliance Filing, “[e]nergy efficiency measures, and other reasonable repairs required to install those measures, may be installed in each home. The program will review, on a case-by-case basis, the repair and installation of items that, in and of themselves, may not be considered energy saving technologies, but would be required in order to effectively install energy conservation measures; such as, the repair of a roof prior to the installation of attic insulation. Cost-effectiveness will be assessed on a measure and site-specific basis. All installed measures and energy education services will be provided free of charge.”

Staff believes that the Whole House Pilot Program would help address health and safety improvements that would fall outside of the scope of Comfort Partners and have kept customers from being able to participate.

Comment: Rate Counsel expressed their support of the Comfort Partners’ new Location Based Eligibility Pilot and increase in overall funding for this budget line. The commenter also suggests that the allocation of Comfort Partners’ budget across the service territories be further explained and recommends specific data points be presented in the budget documents, including the total number of eligible customers, previous participation amongst eligible customers, and FY22 participation and savings from eligible customers.

Response: Staff appreciates Rate Counsel’s feedback and request for clarification of breakdown of cost attributable to each utility. Staff will work with the utilities to clarify participation per utility territory as well as attributed cost.

Comment: The NGOs expressed support of the Comfort Partners Program for its roles in providing energy efficiency and weatherization improvements to NJ customers most in need and with the highest energy burden. They also indicated that they are in support of the new Location Based Eligibility Pilot, which will reduce enrollment barriers. For this pilot, they recommend using the NJ DEP’s Overburdened Communities map to identify the six eligible communities in order to align with the efforts of other state agencies and to ensure the communities most in need receive the intended benefits.

Response: Staff appreciates the support for Comfort Partners and the location based eligibility pilot. Staff can confirm that the pilot locations currently suggested are in overburdened communities as defined by the DEP.

Comment: The Sunrise Movement indicated that they would like to see greater alignment with the 2019 Energy Master Plan. They emphasize the importance of rapid electrification and decarbonization, especially of the transportation and building sectors. An example of this would be Comfort Partners and the C&I program, within which they request an update to the program definition to more explicitly focus on electrification. Sunrise Movement also expressed support of fully electric homes, including expanded EV charging in parking spaces to better enable home charging.

Response: Staff appreciates the Sunrise Movement’s feedback and commitment to addressing the clean energy goals put forth in the Energy Master Plan. The Comfort Partners program provides energy efficiency and is designed to improve energy affordability for low-income households through energy education, efficiency, and conservation. To achieve this objective, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) low income customers do not

have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) low income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk and/or high transaction costs; and (4) split incentives between renters and landlords. The Program addresses these barriers through:

- Direct installation of cost-effective energy efficiency measures
- Comprehensive, personalized customer energy education and counseling
- Installation of health and safety measures, as appropriate

Staff recognizes the importance of electrification and is working with stakeholders to address building electrification and building code changes that can result in wider adoption of beneficial electrification. Staff is working to develop a policy and programmatic approach that will include low-income housing across the whole of the State.

Comment: The NJUA provided its support for the level of funding for the Comfort Partners budget line in FY22.

Response: Staff appreciates the commenters' support.

Comment: ACEEE expressed support of the EE Framework Order⁶, which calls for EE program reporting, and evaluation requirements that are consistent with the utility-run EE programs and would like to ensure this is carried out by the Board. Metrics that they would like to see include energy savings, cost-effectiveness, environmental benefits (e.g., greenhouse gas reductions), number and types of participants, and program expenditures associated with State programs. This will help ensure programs are accountable to the EE and climate goals and that EE programs are cost-effective for all customers.

Response: Staff believes the building electrification is indeed an important part of reaching the goals outlined in the Clean Energy Act of 2018. To that end, Staff is working on a broader code collaboration and building electrification with necessary stakeholders including the Office of Clean Energy Equity to ensure that the needs of low-income residents are included and addressed. Through this process, Staff believes that this process will result in a comprehensive policy and plan that address this critical need across the state including the most vulnerable.

Comment: The Sierra Club expressed strong support for the whole home retrofits targeted at households with high energy burdens and focused on electrification, and would like to see more details regarding the implementation of the Whole Home Retrofit Program. The Sierra Club also indicated their support of Rutgers University conducting a cost-benefit analysis for amendments to the NJ Energy Code as well as their co-facilitation of the NJ Zero Energy Building Code Collaborative. Finally, the Sierra Club is pleased that the Equity Working Group and Workforce Development Working Group led by the Office of Clean Energy Equity will continue and requests additional information on their implementation and on how the Workforce Development Working Group will expand upon diversity in the workforce.

Response: Staff appreciates the Sierra Club's support. Staff would direct the Sierra Club to refer to the June 10, 2020 Board Order that outlines the development and scope of the working groups. Invitations for participation to the working groups were sent out to various relevant stakeholders based on public comment, area of focus, and groups represented. Efforts were made to ensure

⁶ Id.

diverse participation and the inclusion of participants who normally are not involved in the stakeholder process while keeping the working group size manageable.

Workforce Development

Comment: ACEEE expressed support of the recent changes to the Comfort Partners and the new Location Based Eligibility Pilot, which will simplify enrollment and delivery of program services for low-income customers. The commenter indicated that they would like to see more explicit focus on electrification in the offerings and incentives of the Comfort Partners Filing in order to meet the State's energy and climate goals. They would also like to see more inclusion of low-income customers living in master-metered multifamily buildings in the Comfort Partners Program and/or other EE Programming. Finally, ACEEE would like to see greater investment in EE Workforce Development to create well-developed training opportunities and ultimately build an inclusive and diverse workforce.

Response: Staff appreciates ACEEE's feedback on equity and workforce and this effort continues to be undertaken by the Equity and Workforce Development Working Groups. Staff will also take into account the suggestions ACEEE has made that are not already reflected in the Board Order and are currently being considered by the working groups.

Comment: The NJUA commented on their general support for the funding for Workforce Development but was looking for some further clarity into the specifics of what the funding will be used to support. Also, the commenter expressed an eagerness to continue to participate in the various energy efficiency working groups and how the utilities can contribute in their respective service areas.

Response: Staff appreciates the NJUA's feedback and encourages its participation as a member of the various energy efficiency working groups. The \$4.5 million will be used to address a larger Clean Energy Workforce Development plan and is not necessarily earmarked for the plan outlined in the June 10, 2020 order.⁷ As far as the energy efficiency workforce development plan is concerned, the utilities are expected to work with Staff and other stakeholders to develop a statewide workforce pipeline. While the State will ultimately set the goal and scope after engagements in the working group, the utilities are expected to contribute as necessary to build this pipeline. These contributions may include, but are not limited to, targeted marketing about energy efficiency jobs and training, developing relationships with training and certification sites, and providing internships to eligible students.

Comment: The NGO Commenters recommend that the NJCEP workforce development program focus on community-based approaches that will build a more inclusive and representative clean energy workforce. They want to ensure that as New Jersey expands its energy efficiency and clean energy programs, opportunities to participate in the new economy are available to all residents of the state. The NGO Commenters also recommend an increase in the FY22 CRA budget to further address supplier and contractor diversity, expand access to trainings and certifications, create clear pathways to union and non-unionized job opportunities, and ensure key stakeholders are involved in the planning and implementation.

⁷ Id.

Response: Staff appreciates the feedback as well as the participation of several of the undersigned in both the Equity and Workforce Development working groups and look forward to addressing a working through the points raised as part of the larger working group discussions.

Comment: The New Jersey Work Environment Council and Jersey Renews provided its support for the level of funding for the Workforce Development budget line in FY22 and encouraged the BPU to further collaborate with the Department of Labor.

Response: Staff appreciates the commenters' support and will continue to review the program for future changes.

Microgrids

Comment: Rate Counsel comments that no new funding is being proposed for FY22, and that the grant received from the US DOE should be used to explore financing models that will minimize the need to rely on ratepayer funding for microgrids.

Response: Staff appreciates Rate Counsel's comments. The study on microgrid financing is meant to explore all existing and potential financing models.

Solar

Comment: Community Clean Energy Microgrids recommends that the BPU develop a new incentive for non-profit organizations and local governments to develop a community solar ownership-based model for low-income households. The commenter states that, while the current BPU community solar program is the best in the country to address the LMI community, it is limited to community solar by large (mostly out of state) solar developers that offer only a subscription-based model to LMI households. The commenter recommends that the Board seek to enable low-income ownership of community solar panels, thereby providing the clean energy economy to low-income households in a more inclusive way than the current LMI Community Solar or Comfort Partners programs. The commenter states that the recommended incentive should be sufficient to offset the value of the federal solar investment tax credit, which is often unavailable to non-profit organizations and local governments, and that the incentive be made available to 10% of the total approved community solar annual capacity or 15 MW.

Response: Staff strongly supports ideas for increasing LMI access to community solar and maximizing the financial benefits that accrue to LMI customers. As stated by the commenter, the Pilot Program has had early success in providing benefits to LMI customers. Staff plans to organize a future stakeholder proceeding to take comment on the design and implementation of the permanent community solar program. Staff believes that this stakeholder proceeding will provide a better venue for discussion of new and innovative methods for implementing community solar.

Comment: Rate Counsel commented that the renewable energy portion of the budget includes \$2,700,000 budget to maintain SREC registration levels but that Board Staff fails to explain how the CEA-driven changes to the solar program and market will affect the cost of administering SREC registrations.

Response: The budget is actually stated as being for "Solar Registration," not just SREC registration, and the text of TRC's Compliance Filing makes clear that those costs are for not only

closing out the SREC Program, but also for administering the current Transition Incentive (“TI”) Program and the pending Successor Program. The amount of the budget is based in large part on a forecast of the cost of processing the number of registrations to be processed through each of the three programs.

Comment: Nano PV and Tattleaux Solar Group provided comments in regard to aspects of the proposed Solar Successor Program, particularly in regard to incentive levels.

Response: Since Staff are still in the process of finalizing the details of the Solar Successor Program and the commenters’ remarks were substantially similar in both proceedings, Staff reserves its response to be answered in future proceedings related to the implementation of the Solar Successor Program.

Whole House Pilot Program

Comment: The NGOs expressed support for the Board’s Whole House Pilot Program but respectfully request more regular updates on program design progress over the course of the awarded contract’s term.

Response: Staff appreciates the commenters’ support for the Whole House Pilot Program. Staff is committed to transparency and effective stakeholder collaboration and will work to provide updates on the Pilot’s progress as much as possible.

Storage

Comment: Community Clean Energy Microgrids noted that the storage provisions of the CEA do not limit the BPU in developing a storage incentive to only solar and storage. The BPU storage incentive program should be available to other types of storage technologies linked with other types of DER facilities/technologies. The key metric for the overall storage incentive should be reducing distribution congestion on local peak demand or to increase solar hosting capacity on feeders or lines that have reached their max load as set forth in the current BPU interconnection (IX) regulations at N.J.A.C. 14:8-5.

Response: As noted on page 19 of the *Solar Successor Program: Staff Straw Proposal*, Phase Two of an energy storage program is being developed, which is separate from the Solar Successor Program, and will further investigate, with stakeholder involvement, where storage can provide the most benefit to the transmission and distribution system at the least cost to ratepayers. Specifically, Phase Two will consider: Non-wires Alternatives/Storage as a Transmission Asset; a “clean peak” program that uses energy storage resources to shave system peaks; increased integration of renewable energy (including distributed energy such as net metered solar); long-duration storage; and other comparable programs. Staff envisions developing a straw proposal for issue in mid-2021 and holding stakeholder meetings and technical conferences towards the end of 2021 that would inform the development of this phase of the energy storage program, with the intent of initiating Phase Two of the program after stakeholder meetings are completed.

Comment: Rate Counsel comments that there is insufficient support for the proposed \$20 million for energy storage projects and that the DCE should not be overly optimistic regarding the energy storage program. Rate counsel also asks if any of the proposed budget would be required to support the storage component of the solar successor program.

Response: We appreciate Rate Counsel's comments. As noted in the solar successor straw proposal, Phase Two of the energy storage program, which is separate from the Solar Successor Program, will further investigate, with stakeholder involvement, where storage can provide the most benefit to the transmission and distribution system at the least cost to ratepayers. Specifically, Phase Two will consider: Non-wires Alternatives/Storage as a Transmission Asset; a "clean peak" program that uses energy storage resources to shave system peaks; increased integration of renewable energy (including distributed energy such as net metered solar); long-duration storage; and other comparable programs. Staff envisions developing a straw proposal for issue in mid-2021 and holding stakeholder meetings and technical conferences towards the end of 2021 that would inform the development of this phase of the energy storage program, with the intent of initiating Phase Two of the program after stakeholder meetings are completed. Further details of the energy storage program are being developed as part of the Phase Two straw proposal, and Staff believes that this is a realistic schedule. Staff notes that none of the proposed energy storage budget is allocated to the solar successor program.

Existing Homes: Residential Gas & Electric HVAC Program

Comment: The Affordable Homes Group commented that NJCEP should add ground source heat pumps ("GSHPs") to the list of equipment for which prescriptive rebates are provided because they are one of the most efficient residential heating/cooling systems available. They pointed out that air source heat pumps ("ASHPs") and other types of heat pumps are eligible for rebates.

Response: Staff appreciates the Affordable House Group's comment. Currently, geothermal is eligible as a measure as part of the Home Performance with ENERGY STAR program. Staff will consider Mr. Pipes' comment if additional geothermal incentive programs are developed in the future.

Residential New Construction ("RNC")

Comment: Sunrise Movement commented that it is a waste of the ratepayers' money to subsidize ENERGY STAR homes in that they claimed such homes are only marginally more efficient than code. Instead, it suggested that NJCEP should incentivize only new construction that meets the "DOE net zero or net zero ready standard" and that is all-electric. It finally recommended that any incentivized residential new construction with parking spaces should be required to provide electric vehicle charging stations.

The NGOs commented that the RNC Program should provide increased incentives for all electric/ Air-source Heat Pump and Heat Pump Water Heaters over dual fuel homes, in a manner generally consistent with a Settlement in the Public Service Company of Colorado ("Xcel") 2021-2022 Demand-Side Management proceeding, and/or substantially increase its support for residential heat pumps in a way generally consistent with a program recently adopted in Massachusetts.

Response: Staff respectfully disagrees that it is a waste of money to subsidize ENERGY STAR homes. To qualify for RNC, the home must be at least 15% more efficient than the applicable energy code requires, which is not reasonably considered "marginal." The NJCEP incentives are set at a level that is just high enough to encourage the builder and/or prospective owner to go sufficiently above code, and incentives increase for Zero Energy Ready Homes ("ZERH") and ZERH with Renewable Energy ("RE").

Staff also disagrees with the suggestion of immediately ceasing providing incentives for new construction that includes fossil-fueled equipment and/or that is anything less than zero energy ready ("ZER"). The benefit of the savings achieved by the increased EE provided by the current broader range of new construction incentives continues to be valuable and cost-effective.

Regarding the NGOs' comments, Staff first notes that, as mentioned elsewhere in this document, it significantly increased the incentives for heat pumps, especially cold climate heat pumps, in FY20. That said, Staff generally agrees that it should consider an increased focus on electrification, including the mentioned Colorado and Massachusetts initiatives, all possibly through the various meetings and other proceedings Staff has planned for the next year or so.

Comment: Rate Counsel commented that the proposed RNC program budget is 25% lower than the budget for FY20, despite offering the same incentives to participants. Rate Counsel further claims that, at the same time, TRC projects electric savings that are 14% higher than projected in the FY20 filing. For FY22, TRC claims that the cost effectiveness as measured by the TRC test for its RNC program will be 0.6, meaning that this program is not cost-effective. Staff and TRC should reconcile this result with the expectation of more savings with less funding for essentially the same program as was proposed in FY20.

Response: Staff notes that the final FY20 budget of \$16,840,000 for the RNC Program was for a 15-month fiscal year (as a result of COVID-19) while the FY22 budget is for a 12-month FY, which accounts for the vast majority of the difference between the FY20 and FY22 RNC budgets. Staff is unsure of the basis for Rate Counsel's claim that the estimated FY22 electric savings are 14% higher than the savings projected in the FY20 filing given that the FY22 estimated lifetime savings are 113,748 MWH, an amount significantly lower than the final FY20 Compliance Filing, Rev 2.0, dated July 29, 2020, estimated lifetime savings of 126,845 MWH.

The proposed FY22 budget is based, in part, on extrapolations of recent trends in participation including the mix of single and multifamily homes. In FY21, in part driven by the COVID-19 pandemic, the program saw a slow-down in construction of new homes and an increase in the ratio of multifamily ("MF") to single family homes coming through the pipeline as compared to FY20. The base incentive for an MF home is less than the base incentive for a single family home. However, while the base incentives are lower, the savings for a multifamily project will typically be greater than savings from a single-family home or a townhouse. Both the budget and the estimated savings are based upon the Program Manager's best estimate of participation levels and savings given recent participation trends and the forecasted ratio of single to MF homes, which explains, in part, why savings are relatively higher in FY22 compared to FY20, i.e., FY22 includes a higher ratio of MF homes than did FY20.

Regarding cost-effectiveness, Rate Counsel's premise of more savings for less funding is, as noted above, unfounded. In addition, the cost-benefit analyses considers numerous factors beyond just program costs and savings, e.g., they consider incremental costs, project costs, the mix of measures installed, and avoided energy costs. Staff also notes that the avoided costs provided by Rutgers Center for Green Buildings and used for the FY20 analyses were higher than the updated, more accurate avoided costs used for the FY22 analyses. When all of the above is considered, the results of the FY22 cost-benefit analyses remain largely unchanged from the FY20 results.

Commercial and Industrial (“C&I”)

Comment: Rate Counsel expressed concern that despite the decreased overall budget, TRC is projecting a 21% increase in MWh savings relative to FY20, and a decrease in therm savings of approximately 32% relative to FY20. It is unclear why TRC’s savings expectations are so different from that of FY20. Rate Counsel noted this is particularly of concern, as reducing gas use in buildings should be a significant focus of any new construction program, consistent with New Jersey’s greenhouse gas emissions reduction goals. Rate Counsel recommends that new construction programs, in particular, focus on reducing gas use in new buildings.

Response: The difference is largely due to differences in the types of projects in the C&I pipeline at the time each of the respective calculations were prepared. The C&I program budgets and estimated savings are based, in large part, on approved/committed projects in the pipeline that are estimated to be completed and paid in FY22. For example, the draft C&I EE FY22 budget of \$153,334,372 includes \$46,555,175 in new funding versus \$106,779,197 in estimated carryforward commitments. In other words, more than two-thirds of the proposed FY22 budget and estimated savings are for projects already in the pipeline and for which the estimated incentive and savings are known. This is particularly true for FY22 given that the majority of C&I EE programs will be transitioning to the utilities effective July 1, 2021. By way of further explanation of the specific difference commented upon, Staff notes that one or two large projects in the Large Energy Users Program (“LEUP”) can significantly swing estimated savings and that the estimated FY20 savings included gas savings from a very large refinery project that are not included in the FY22 calculations.

As mentioned in the other responses, Staff generally agrees that it should consider an increased focus on electrification, possibly through the various meetings and other proceedings Staff has planned for the next year or so. That said, NJCEP continues to promote gas saving measures in FY22.

Combined Heat and Power – Fuel Cells (“CHP-FC”)

Comment: The NGOs commented that New Jersey should require any CHP programs to demonstrate a net greenhouse gas (“GHG”) reduction over their lifetime to ensure that they do not deter the State from other climate goals, particularly in light of the stranded cost risk posed by overinvestment in such resources and infrastructure in the near term.

They further commented that the Board explain in its FY22 CRA how the growth of fossil-based CHP systems furthers the goals of the 2019 EMP, because the NGOs believe their continued deployment does not provide environmental benefits, especially compared to renewable energy technologies. Rate Counsel somewhat similarly commented that the EMP’s goal of moving away from fossil fuels, coupled with the maturity of the CHP market, suggest that the Board should consider limiting eligibility to projects that use renewable energy.

Response: Through the current CHP Program, projects deliver energy savings by using waste heat recovery technology to capture wasted heat associated with electricity production, which is more energy efficient compared to systems that do not do so. Accordingly, it is consistent with many of NJCEP’s current goals and the EMP. Staff also notes that the EMP’s Goal 4.1.1 specifically recognizes that CHP may be the right solution for some state facilities. That said, Staff agrees that it should give further consideration to adding features to the Program that would be designed specifically to reduce GHG emissions.

Comment: Rate Counsel questioned the value of the CHP-FC Program and claimed that the materials provided by Staff “contain no analysis of the costs and benefits” of the Program.

Response: Staff respectfully submits that the CHP-FC provides benefits sufficient to justify its costs, and it points out that the CBAs set forth in TRC’s Compliance Filing, Exhibit G, clearly analyze the costs and benefits of the Program, including, among other scores, a Modified New Jersey Cost Test score of 1.6 and a Program Administrator Cost Test score of 4.2.

Comment: Bloom Energy, with support from NFCRC, repeated comments it has made in the past that the CHP-FC Program’s failure to provide special incentives for FCs as compared to CHPs and the Program’s “manufacturer diversity” cap inappropriately discriminate against cleaner FCs in favor of polluting CHPs. It adds new references to policies that are designed in part to support better environmental justice, such as the EMP. NFCRC also recommends that the Board follow the recent California Public Utility Commission (“CPUC”) determination to preclude the award of incentives for internal combustion projects located in a county listed as a severe or extreme federal nonattainment area for particulate matter (PM10 or PM2.5) or eight-hour ozone (O3) in the U.S. Environmental Protection Agency Green Book in any of the three years prior to the application date.

On the other hand, Rate Counsel commented that the Board should consider limiting eligibility for FCs to only those that are at least 60%, instead of the current 40%, efficient.

Response: Most of Bloom Energy’s and NFRC’s comments have been made, considered, rejected, and fully responded to regarding one or more previous Staff proposals. The reader is respectfully referred to those materials. Staff also notes that it would not be prudent to make sweeping changes to program design given that the structure of NJCEP is expected to substantially change over the next several months as the programs are transitioned to the utilities and/or substantially re-structured. All that said, Staff repeats that it continues to believe it appropriate to favor CHPs, which by definition must be at least 60% energy efficient, over FCs, which can be as low as 40% energy efficient, with the typical FC application to NJCEP being well below 50%. The support for CHPs over FCs is further justified because CHPs generally have a significantly lower capital cost and higher annual system efficiency than do FCs. All the foregoing CHP benefits are not sufficiently outweighed by the FCs’ possible advantage in terms of non-GHG emissions. Further, Staff continues to support the allocation of limited funds to energy efficiency measures that result in significantly higher benefits per program dollar spent than do FCs. Additionally, Staff notes that CHPs are not “internal combustion” projects and that, at any rate, the CPUC determination appears to have been based on a number of factors that would require further study and analysis before a recommendation to follow the CPUC determination could be made. Staff believes that all of the above is consistent with the furthering of environmental justice. All the above said, Staff also believes, despite Rate Counsel’s comment, that the current Program appropriately and cost-effectively provides certain incentives for FCs that fall between 40% and 60% efficiency.

Comment: Bloom also repeated its past comment that the proposed two-tier incentive structure providing one incentive for $\geq 40\%$ FCs and a higher incentive for $\geq 60\%$ FCs, and CHPs, is too blunt and will inappropriately encourage the development of lower efficiency FC projects. It again pointed out that a hospital that installs a 60% efficient CHP could receive an incentive of up to \$3,000,000 while another that installs a 59% efficient FC would be limited to \$1,000,000, resulting in NJCEP paying \$2,000,000 for the 1% incremental increase in efficiency and ultimately disincentivizing the developer of the FC to invest in the technology to get its equipment from 40%

to 59%. Bloom suggested that a sliding scale between 40% and 60% would better achieve NJCEP's goals.

Response: Staff preliminarily notes that NJCEP has not yet received an application from Bloom or any other FC provider that comes anywhere near the posited 59% efficiency; instead, as noted above, the applications are for units in the low to mid-40% range. Further, neither has NJCEP received such an application that was limited by the \$1,000,000/project cap; instead, the applications have been for projects in which the incentive was approximately \$300,000 or less. That said, Staff agrees that there may be merit in using a sliding scale, rather than a cliff, to manage the incentivization of FCs that range between 40% and 60%. However, the proper design of such a scale would require substantial analysis, time, and stakeholder input. Accordingly, although it does not support the adoption of the sliding scale as part of the current process, it will more carefully consider the sliding scale approach in the relatively near future.

Comment: The Sierra Club inquired into why there is no discussion of the CHP-FC program in the CRA. Further, Sierra Club believes that this program is inconsistent with the EMP and should be eliminated.

Response: Staff would refer the Sierra Club to the TRC Compliance Filing, who administers this program, where the CHP-FC is described in detail. Also, Staff notes the value that CHPs and fuel cells contribute to enhancing system resiliency and reliability but will continue to evaluate this program for possible changes in the future.

Electric Vehicles

Comment: ChargeEVC, NJCAR, and NRDC suggested that while the increased overall EV budget was a good start to increased investment in EV adoption, the Board should commit to funding the Charge Up Program at \$300 million over the first 5 years of the program. Stakeholders also suggested that the Board should create EV ride share programs and other pilots to address LMI communities.

Response: Staff recognizes the impact that additional funding would have on the program, but also acknowledges that the NJCEP has numerous impactful programs and must balance funding requests from each of these programs. Additionally, the Legislature requires the Board to fund this program with \$30 million per year for ten years. Accelerating payments on the front end does not alleviate the Board's obligation in future years of the program. It is Staff's position that in order to meet the obligations of the EV Act and to grow the other EV programs outlined here, the \$30 million allocated is appropriate for the FY22 program.

Comment: ChargeEVC and NRDC were supportive of the increase in funding for State and local government fleets. NJCAR suggested that the program should also be opened up to subscription EVs for those entities. Gerald Reiner, from the Bergen County Administration, suggested that a pilot program should be created to encourage innovative EV adoption plans. Rate Counsel objected to the expanded use of ratepayer dollars to fund these vehicles and suggests other pots of funding should be explored.

Response: The Clean Fleet Program was initially launched on a pilot basis using USDOE funds and given its success and the impact that this program can have on achieving the goals of the EV Act, Staff feels this is an appropriate use of these dollars. Staff also continues to work with our sister agencies, DEP and EDA, on ways to encourage innovation in EV adoption in the public and private sectors.

Comment: Stanislav Jaracz, ChargEVC, NJCAR, and Rate Counsel were supportive of the tiered incentive as a way to extend the program within the existing budget and put more EVs on the road. NJCAR comments also suggested that funding should be consistent and should be fully funded each fiscal year. Similar comments were made during the stakeholder session. Comments continued that changes to the program are in line with the intent of the EV Act in encouraging people to transition to an EV rather than rewarding people who have already made the decision to purchase an EV, regardless of the incentive.

Response: Staff is maintaining the tiered incentive proposed in the straw in this Compliance Filing.

Comment: Many respondents (Amy Tsang, Chris Wong, Danh Nguyen, David Nerenberg, Derek Cohen, Guillermo Vargas Dellacasa, Lia Tisseverasinghe, Michael Buonocore, Mike Riccoili, Muhammad Atiya, Richard Pauls, Sean Hadley, Nick Spaltro, Stephaie Lezotte, Stephen Volpe, Sudhir Patel, Uday Arrealla, David Buenocore, Hengle Zambrano, Rose Salvatore, Nicole Rice, Kadir Karagoz, Don Kim, and Tesla) voiced opposition in similar comments to the proposed “soft-cap” which provided a maximum incentive of \$2,000 for vehicles over the MSRP of \$45,000. Commenters provided several reasons for this opposition, but in general the reasons included that the change would limit options, would impact the ability of purchasers to add on extended battery options, and would “force” consumers to choose base models of vehicles. Commenters also expressed frustration that models that included AWD would often fall above the “soft cap” and that many of the electric SUVs or “family vehicle” options would also be above the “soft-cap” threshold. Many of the comments objected to the lack of luxury brand options available for the full \$5,000 incentive.

Response: As indicated in the proposal, the recommendation prioritizes “incentive-essential” buyers. The proposed tiered incentive provides a larger incentive for more moderately priced vehicles in order to provide greater equity as New Jersey electrifies its transportation options.

Staff also notes that this year the number of vehicles available has increased and there are several options for buyers looking for SUVs. The FY22 iteration of the Program has a vehicle eligibility list with 31 different makes and models, ranging from sedans to crossovers to SUVs. Staff recognizes that the needs of each family will be different, but vehicles which would receive a full \$5,000 incentive under the program for FY22 are the Chevrolet Bolt, Ford Mustang Mach-E, Hyundai Kona Electric, Kia Niro Electric, Nissan Leaf and Leaf Plus, Tesla Model 3 Standard Range and Standard Range Plus, and the VW ID.4. Other PHEVs in the class of crossovers and SUVs are also available for FY22, including the Jeep Wrangler 4xe, Mitsubishi Outlander PHEV, Toyota Rav4 Prime PHEV, Volvo S60 PHEV, Ford Escape PHEV, Kia Niro PHEV, and the Chrysler Pacifica Minivan PHEV. The variety of options for the program is such that incentive-essential buyers may find the vehicle of their choice, which fits with their lifestyle and needs, from this list of 31 options. This list of eligible vehicles is expected to grow as more electric offerings are released from manufacturers.

Comment: Several respondents (Marc Weinberg, Uday Arredla, Vibhu Shakelli, Nicole Rice, Steven Toto, Don Kim) requested that the overall MSRP cap be raised to account for increased costs and inflation.

Response: As indicated in the proposal, per the EV Act, the recommendation prioritizes “incentive-essential” buyers, and increasing the overall cap does not accomplish that goal. While Staff has seen that there have been COVID-19 related cost increases, as EV adoption grows, the impacts of increased production will also drive costs down.

Comment: Some respondents suggested that the entire incentive amount should be lowered in order to extend the program, but provide one consistent incentive level. Rate Counsel suggested that the Board should set the incentive amount at the lowest possible level to encourage EV adoption in order to maintain consistent funding for the program throughout the year. Rate Counsel and Tesla also suggested that the Board should consider lowering the level of the incentive each year by \$500. Stanislav Jaracz also suggested that any lower amount would be preferred as long as it prolonged the availability of funding.

Response: While in Year One a majority of the applicants received the maximum incentive level (\$5,000), it was not a flat incentive, but it was based on the all-electric battery range of each vehicle. This standard has been maintained to encourage purchase of the most efficient makes and models. Further, the tiered incentive allows the program to target “incentive-essential” buyers while extending the impact of the allocated dollars.

Comment: NJCAR commented that the Board should keep current definition of MSRP in the FY22 year.

Response: The compliance filing definition of MSRP closely aligns with the FY21 definition.

Comment: Some respondents (Ira Gross, Deepak Arora, and NRDC) suggested that cars purchased out of state should be eligible for the incentive. In addition, some of these comments suggested that the post-purchase incentive should continue alongside the point of sale program.

Response: Many stakeholders in this process, and throughout the planning and development phases, have indicated that having the incentive offered at the Point-of-Sale was key to providing equity and efficiency in the program. The most efficient way to do so is by offering it only in New Jersey dealerships and showrooms. In addition, the EV Act had a strong preference for prioritizing vehicles sold in the State of New Jersey.

Comment: Staff asked for comments on whether a flat incentive should be instituted for FY22, recognizing that PHEV incentives must end by December 2022. Reactions to this proposal were mixed.

NJCAR was supportive of a flat incentive, and proposed a \$1,500 incentive, which would increase PHEV sales as a gateway to BEVs. NRDC also suggested that a flat incentive above \$1,000 would provide for increased equity in transportation electrification – especially for residents living in multi-unit dwellings who cannot charge at home. Sean Hadley also suggested such an incentive would be useful to the transition and Deepak Arora suggested that the PHEV incentive should be ½ of the BEV incentive.

Others, including ChargeVC, Rate Counsel, Tesla, and Stephen Volpe suggested that not all PHEVs are created equal and many do not have the necessary range to make it worth incentivizing them at a higher level. Tesla suggested that PHEV incentives should be capped at \$650.

Response: Staff believes that for FY22, PHEV incentives should remain at the same level as all other EV incentives and will be set based on the \$25/e-mile calculation.

Comment: NRDC and Tesla suggested that used vehicles should be included in the Incentive Program.

Response: Staff has limited this year's program to new vehicles and focused the FY22 expansion on government fleets as a way to achieve the goals of the EV Act and to encourage early government fleet build out but will consider and engage on this through future stakeholder discussions.

Comment: ChargeVC, NJCAR, and NRDC called for additional sharing of data points, including requests for the final MSRP for all vehicles that received incentives and the date of order or purchase/lease of all vehicles that received incentives. There were also requests to provide regular updates on metrics moving forward.

Response: Staff shared several data points during the stakeholder meeting. However, the program administrator is still processing the final applications from the post-purchase incentive program. In the post-purchase program, MSRP and order date were confirmed for eligibility, but not captured in searchable fields. As indicated in the EV Act, the BPU intends to provide update information on several metrics at the launch of the Point-of-Sale Program. At that phase, buyers should be able to see how much funding is currently available and make purchase decisions with that information.

Comment: Several respondents (Guillermo Vargas Dellacasa, Mike Riccioli, Nicholas Spaltro, and Olga Krasotkina) indicated that EV buyers who had purchased between December 15, 2020 and the launch of the new program should be eligible for a post-purchase incentive. Included in those comments were questions regarding what the rules for Year Two would be regarding when a vehicle would be eligible and a desire for the incentive to be based on the delivery date, not the order date. Comments from Vibhru Shakelli, Shalom Azar, Smit Ganhi, and Matthew Kluger suggested that the program should be based on delivery date. NJCAR suggested that the program eligibility should be based on the entire vehicle transaction, including both the date of order or the purchase, in order to provide an even playing field for all EV makes and models.

Response: The Board announced on December 14, 2020 that the program would be closed on December 15, 2020, and a new program would be launched in FY22 when new funding became available. Those who purchased vehicles on or after December 16, 2020 decided to purchase those vehicles without the ability to apply for an incentive and, as such, are outside of the "incentive-essential" population the program is focusing on. The funding available for the program will be dedicated to paying out any remaining eligible FY21 incentives and then funding new purchases once the new program is launched. As indicated in this compliance filing, the Year Two program eligibility will be based on the entire vehicle transaction, including the vehicle's order and delivery date that the vehicle's order date must occur on or after the new program is launched in order to be eligible for an incentive.

Comment: The EV Act also provided BPU with authority to create a residential charger incentive. The straw proposed an incentive of up to 50% of the cost of the charger, with a maximum incentive of \$250. NJCAR and ChargePoint were supportive of this program. Rate Counsel was not supportive of the program, suggesting that residential charger incentive will be utilized by high-income earners, thus an unnecessary use of ratepayer dollars and not required by the legislation.

NRDC was supportive of the program, but suggested there should be a better definition of smart charger.

Response: The program as proposed in the Straw is included in the Compliance Filing. Definitions and details will be included in the Terms and Conditions when the program launches.

Comment: The Sierra Club would like the Clean Energy Program to fund a pilot program for conversion from diesel-driven school buses to electric.

Response: School buses are Medium and Heavy Duty Vehicles (MHDV). At present, there are no MHDV programs. Board Staff is currently working on a straw proposal that focuses on MHDV charging, which will help guide future programs in that sector. Both DEP and EDA currently have programs for MHDV.

Comment: Sean Hadley supported transitioning to a Point-of-Sale Program. Erin Bradley requested information on when the Point-of-Sale program would launch and what the required paperwork and deadlines would be.

Response: As indicated in the Compliance Filing, the FY22 program will be a Point-of-Sale Program. There will be no post-purchase incentive. In this Phase, all paperwork will be completed at the time of sale, and the dealer or showroom will submit the application on behalf of the applicant.

Comment: Guillermo Vargas Dellacasa asked that dealers be provided with training on the program and on EVs.

Response: The program administrator has already commenced trainings on the system for dealers and showrooms. The DEP also has been working with the dealerships for several years on general EV education through a program called PlugStar.

Comment: Nicholas Sparto suggested that utilities should offer an EV specific Time of Use (TOU) Rate.

Response: The Board is currently reviewing two utility filings for light duty EVs. The two approved programs incorporate TOU rates for EVs.

STAFF RECOMMENDATIONS

The CRA Straw Proposal sets out in detail the rationale utilized by Staff in developing the Proposed FY22 Funding Level. Having reviewed and considered the comments regarding the this funding level, Staff recommends that the Board set, adopt, and approve the Proposed FY22 Funding Level and Proposed FY22 Utility Payments.

DISCUSSION AND FINDINGS

The CRA Straw Proposal recognizes the value of renewable energy and energy efficiency as a foundational energy resource that, when delivered cost-effectively, reduces the cost of energy for all ratepayers while providing additional benefits. These benefits include the health and safety improvements associated with improved air quality, lower environmental compliance costs, increased grid reliability, and increased economic development opportunities in the form of jobs in construction and the opportunity for New Jersey businesses to compete more effectively with

out-of-state businesses. In addition, the programs and initiatives in the CRA Straw Proposal will help New Jersey to continue to establish itself as a national leader in clean energy programs.

Staff distributed the CRA Straw Proposal, including the FY22 Funding Level, to the BPU listserv and posted it on the NJCEP website. Staff accepted oral comments at a public hearing and solicited written comments from stakeholders and the public, which have been summarized and responded to in this Order. Accordingly, the Board **HEREBY FINDS** that the process utilized in developing the Proposed FY22 Funding Level was appropriate and provided stakeholders and interested members of the public with adequate notice and opportunity to comment.

The Board has reviewed the CRA Straw Proposal, including, without limit, the Proposed FY22 Funding Level set forth therein, the oral and written comments submitted by stakeholders, and Staff's recommendations regarding the same. The Board agrees with the rationale supporting the Proposed FY22 Funding Level in the CRA Straw Proposal and agrees with and accepts Staff's recommendations. The Board **HEREBY FINDS** that the Proposed FY22 Funding Level will benefit customers by reducing energy usage and associated emissions, will provide environmental benefits, and is otherwise appropriate. Therefore, the Board **HEREBY APPROVES** the CRA Straw Proposal's Proposed FY22 Funding Level.

The Board has reviewed Staff's recommendation for allocating the funding to the State's electric and natural gas public utilities. The Board **HEREBY FINDS** that the recommended allocation of the FY22 funding to the electric and natural gas public utilities is reasonable and consistent with the methodology approved by the Board in its 2008 CRA III Order.⁸ Based on the above, the Board **HEREBY APPROVES** the Proposed FY22 Utility Payments (as approved, "FY22 Utility Payments").

The FY22 Utility Payments shall be made consistent with the Board's existing policies and procedures, including but not limited to, the utilities' deduction of monthly Comfort Partners Program costs from the stated FY22 Utility Payments amounts. In addition, the Board **HEREBY AUTHORIZES** the utilities to continue utilizing deferred accounting, through the SBC, for NJCEP revenues and expenses, as set out in previous Orders of the Board. The Board will consider ratemaking issues, as appropriate, in the context of specific utility rate filings with the Board.

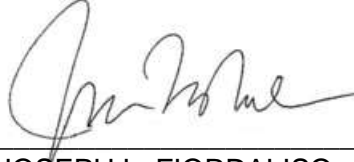
The Board notes that Staff circulated its proposed FY22 programs and budget on May 18, 2021, and those programs and budget are addressed in a separate Order.

⁸ In the Matter of Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009 – 2012 Clean Energy Program, BPU Docket No. EO07030203 (September 30, 2008).

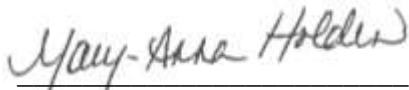
This Order shall be effective on June 24, 2021.

DATED: June 24, 2021

BOARD OF PUBLIC UTILITIES
BY:



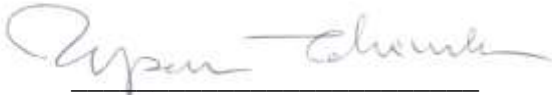
JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

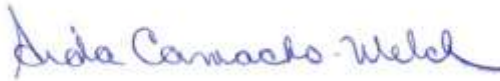


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE
ENERGY RESOURCE ANALYSIS FOR THE FISCAL YEAR 2022 CLEAN ENERGY
PROGRAM - DOCKET NO. QO21040721

SERVICE LIST

New Jersey Division of Rate Counsel

140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

TRC Energy Solutions

317 George Street, Suite 520
New Brunswick, NJ 08901

Michael Ambrosio
mambrosio@trcsolutions.com

Thomas A. Kowalczyk
tkowalczyk@trcsolutions.com

New Jersey Division of Law

Department of Law and Public Safety
Division of Law
25 Market Street
P.O. Box 112
Trenton, NJ 08625-0112

David Apy, Assistant Attorney General
david.apy@law.njoag.gov

Daren Eppley, Section Chief, DAG
daren.eppley@law.njoag.gov

Pamela Owen, Assistant Section Chief, DAG
pamela.owen@law.njoag.gov

Michael Beck, DAG
michael.beck@law.njoag.gov

Matko Ilic, DAG
matko.ilic@law.njoag.gov

New Jersey Board of Public Utilities

44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch, Secretary of the Board
board.secretary@bpu.nj.gov

Paul Flanagan, Esq., Executive Director
paul.flanagan@bpu.nj.gov

Bob Brabston, Esq.
Deputy Executive Director
robert.brabston@bpu.nj.gov

Curtis Elvin
Chief Fiscal Officer
Curtis.elvin@bpu.nj.gov

Division of Clean Energy

Kelly Mooij, Director
kelly.mooij@bpu.nj.gov

Stacy Ho Richardson, Deputy Director
stacy.richardson@bpu.nj.gov

Sherri Jones, Assistant Director
sherri.jones@bpu.nj.gov

Crystal Pruitt, Deputy Director
Office of Clean Energy Equity
crystal.pruitt@bpu.nj.gov

Matthew Rossi, Administrative Analyst 3
matthew.rossi@bpu.nj.gov

Counsel's Office

Abe Silverman, Esq., General Counsel
abe.silverman@bpu.nj.gov

Atlantic City Electric Company

500 N. Wakefield Drive
Newark, DE 19714

Philip J. Passanante, Esq.
philip.passanante@pepcoholdings.com

Marisa Slaten, Esq.
marisa.slaten@exeloncorp.com

Heather Hall
heather.hall@pepcoholdings.com

Elizabethtown Gas Company

Thomas Kaufmann
520 Green Lane
Union, NJ 07083
tkaufmann@sjindustries.com

Susan Potanovich
520 Green Lane
Union, NJ 07083
spotanovich@sjindustries.com

Gina O'Donnell
520 Green Lane
Union, NJ 07083
godonnell@sjindustries.com

Deborah M. Franco, Esq.
Regulatory Affairs Counsel
SJI Utilities
520 Green Lane
Union, NJ 07083
dranco@sjindustries.com

Steven R. Cocchi, Esq.
SJI Utilities
520 Green Lane
Union, NJ 07083

New Jersey Natural Gas Company, cont'd

Anne-Marie Peracchio
Director, Conservation and Clean Energy Policy
aperacchio@njng.com

Elizabethtown Gas Company, cont'd

socchi@sjindustries.com

Stefany M. Graham, Director
Rates and Regulatory Affairs
SJI Utilities
1 South Jersey Place
Atlantic City, NJ 08401

Jersey Central Power and Light Company

300 Madison Avenue
Morristown, NJ 07962

Joshua R. Eckert, Esq.
jeckert@firstenergycorp.com

Mark Mader
Director, Rates and Regulatory Affairs – NJ
mamader@firstenergycorp.com

Tom Donadio
tdonadio@firstenergycorp.com

James O'Toole
jotoole@firstenergycorp.com

Kurt Turosky
kturosky@firstenergycorp.com

Kent Hatt
khatt@firstenergycorp.com

Lori Brightbill
lbrightbill@firstenergycorp.com

Lauren Lepkoski, Esq.
llepkoski@firstenergycorp.com

New Jersey Natural Gas Company

1415 Wyckoff Road
PO Box 1464
Wall, NJ 07719

Andrew Dembia, Esq.
Regulatory Affairs Counsel
adembia@njng.com

Public Service Electric and Gas Company

PSEG Services Corporation
80 Park Plaza, T5
PO Box 570
Newark, NJ 07102

Matthew M. Weissman, Esq.
General State Regulatory Counsel
PSEG Services Corporation
80 Park Plaza, T5G
Newark, NJ 07102
matthew.weissman@pseg.com

Joseph F. Accardo, Jr., Esq.
Vice President – Regulatory & Deputy General
Counsel
joseph.accardo@pseg.com

Danielle Lopez, Esq.
danielle.lopez@pseg.com

Tim Fagan
Manager, Planning and Evaluation
PSE&G – Renewables and Energy Solutions
tim.fagan@pseg.com

Karen Reif
karen.reif@pseg.com

Todd Van Aken
todd.vanaken@pseg.com

Caitlyn White
Regulatory Case Coordinator
caitlyn.white@pseg.com

Rockland Electric Company

Margaret Comes, Esq.
Associate Counsel
4 Irving Place Room 1815-S
South Jersey Gas Company, cont'd

Atlantic City, NJ 08401
kcrispin@sjindustries.com

Carolyn A. Jacobs
Regulatory Compliance Specialist
SJI Utilities
1 South Jersey Place
Atlantic City, NJ 08401
cjacobs@sjindustries.com

Rockland Electric Company, cont'd

New York, New York 10003
comesm@coned.com

John Carley, Esq.
Associate General Counsel
4 Irving Place Room 1815-S
New York, New York 10003
carleyj@coned.com

Charmaine Cigiliano, Section Manager
Customer Energy Services
Orange and Rockland Utilities, Inc.
390 West Route 59
Spring Valley, NY 10977
ciglianoc@oru.com

Donald Kennedy, Director
Customer Energy Services
Orange and Rockland Utilities, Inc.
390 West Route 59
Spring Valley, NY 10977
kennedyd@oru.com

South Jersey Gas Company

Steven R. Cocchi, Esq.
SJI Utilities
520 Green Lane
Union, NJ 07083
socchi@sjindustries.com

Stefany M. Graham, Director
Rates and Regulatory Affairs
SJI Utilities
1 South Jersey Place
Atlantic City, NJ 08401

Deborah M. Franco, Esq.
Regulatory Affairs Counsel
SJI Utilities
520 Green Lane
Union, NJ 07083
dranco@sjindustries.com

Karen J. Crispin, Senior Rate Analyst
South Jersey Gas Company
1 South Jersey Place

New Jersey's Clean Energy Program™



DIVISION OF CLEAN ENERGY

Comprehensive Energy Efficiency & Renewable Energy Resource Analysis

Funding Levels – Fiscal Year 2022

June 24, 2021

Contents

LIST OF ACRONYMS..... 3

EXECUTIVE SUMMARY 4

HISTORY/BACKGROUND 5

ENERGY MASTER PLAN 5

FUNDING LEVELS..... 6

ENERGY EFFICIENCY 7

RENEWABLE ENERGY 8

DISTRIBUTED ENERGY RESOURCES..... 11

ELECTRIC VEHICLES 11

STATE ENERGY SERVICES 13

OUTREACH AND EDUCATION..... 13

EVALUATION 14

FISCAL YEAR 2022 15

SBC COLLECTION SCHEDULE 16

CONCLUSION..... 19

LIST OF ACRONYMS

- AEG: Applied Energy Group
- Board or BPU: New Jersey Board of Public Utilities
- C&I: Commercial & Industrial
- CEA: Clean Energy Act of 2018
- CUNJ: Charge Up New Jersey Program
- CRA: Comprehensive Energy Efficiency & Renewable Energy Resource Analysis
- DCE: Division of Clean Energy
- DEP: Department of Environmental Protection
- DPMC: Division of Property Management and Construction
- ECC: Energy Capital Committee
- EDA: Economic Development Authority
- EDECA: Electric Discount and Energy Competition Act
- EE: Energy Efficiency
- EMP: Energy Master Plan
- EM&V: Evaluation, Measurement, and Verification
- ES: Energy Storage
- EO: Executive Order
- FC: Fuel Cell
- FY: Fiscal Year
- HVAC: Heating, Ventilation and Air Conditioning
- MHD: Medium and Heavy Duty
- NJCEP: New Jersey's Clean Energy Program
- NJIT: New Jersey Institute of Technology
- OSW: Offshore Wind
- OWEDA: Offshore Wind Economic Development Act
- Pilot Program: Community Solar Pilot Program
- RCGB: Rutgers University's Center for Green Buildings
- RE: Renewable Energy
- RFP: Request for Proposal
- SBC: Societal Benefits Charge
- SES: Division of State Energy Services
- SFI: State Facilities Initiative
- SREC: Solar Renewable Energy Certificates
- TRC: TRC Energy Solutions

EXECUTIVE SUMMARY

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., was signed into law, which, among other things, created the societal benefits charge to fund programs for the advancement of energy efficiency and Class I renewable energy technologies and markets in New Jersey. EDECA also charged the New Jersey Board of Public Utilities with initiating proceedings and undertaking a comprehensive energy efficiency and renewable energy resource analysis in New Jersey. The comprehensive resource analysis would be used to determine the level of funding for EE and Class I RE programs statewide. Collectively, these programs form New Jersey's Clean Energy Program.[™] Over the past 20 years, the programs have significantly reduced energy usage, reduced greenhouse gas emissions, delivered clean, local sources of renewable energy, and resulted in billions of dollars of energy cost savings to New Jersey ratepayers.

From 2001 through 2011 (FY12), the Board established four-year funding levels as envisioned in the Act. Since 2012 the CRA has provided a single year funding level in order to advance the goals of NJCEP.¹

On January 31, 2018, Governor Phil Murphy signed Executive Order No. 8 (EO8)², which directed the BPU and all agencies with responsibility under the Offshore Wind Economic Development Act to “take all necessary action” to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 megawatts of offshore wind energy generation by the year 2030. On November 19, 2019, Governor Murphy signed Executive Order No. 92 (EO92), which increased the goals for offshore wind energy generation to 7,500 megawatts by 2035.

On May 23, 2018, Governor Murphy signed the Clean Energy Act, L. 2018, c. 17, which takes several critical steps to improve and expand New Jersey's renewable energy programs and establishes ambitious energy reduction targets. The CEA requires 21% of the electricity sold in the State to be from Class I renewable energy sources by 2020, 35% by 2025, and 50% by 2030. Additionally, the CEA provides a platform to reform the State's solar program by making near-term structural changes to ensure that the program is sustainable over the long term and establishes a community solar energy program to allow all New Jersey residents to benefit from solar energy. Importantly, the CEA also established new energy savings targets of at least 2% annually for electric distribution companies and at least 0.75% for gas distribution companies.

¹ In the early years, the budgets and programs were based on calendar years, but in 2012, the Board approved the budgets and programs to be based on fiscal years to align with the overall State budget cycle.

² Executive Order No. 8

HISTORY/BACKGROUND

The Board initiated its first CRA proceeding in 1999 and issued the first CRA Order in 2001. The 2001 Order set funding levels, the programs to be funded, and the budgets for each of those programs for the years 2001 through 2003. Since then, the Board has issued numerous orders setting the funding levels, related programs, and program budgets for the years 2004 – Fiscal Year 2021.

From 2001 to 2006, the State's electric and natural gas utilities managed the programs. In 2004, the Board determined that it would manage NJCEP going forward, and in 2005-2006, the Board issued RFPs to contract the necessary administrative services to assist in oversight. In 2006, the Board engaged Honeywell, Inc. to manage the RE and residential EE programs, and the Board engaged TRC to manage the C&I EE programs. In 2007, the Board engaged AEG as the NJCEP Program Coordinator. These contracts, following multiple extensions, terminated on March 31, 2016.

In April 2015, the Board, through the Department of the Treasury, Division of Purchase and Property (Treasury), issued RFP 16-X-23938 seeking proposals for a single Program Administrator to provide the services then being provided by Honeywell, TRC, and AEG (2015 RFP). On December 1, 2015, Treasury awarded the Program Administrator contract to AEG. Subsequently, on January 13, 2017, TRC Environmental Corporation acquired AEG's New Jersey operation, including the NJCEP Program Administrator contract from AEG, and assumed AEG's rights and obligations thereunder. TRC has subcontracted portions of the work under its contract to CLEAResult Consulting, Inc. and Energy Futures Group, Inc. TRC has managed programs since March 1, 2016, which marked the conclusion of the transition period set out in the RFP.

ENERGY MASTER PLAN

On May 23, 2018, Governor Murphy signed Executive Order No. 28 (EO28), directing the BPU to spearhead the committee to develop and deliver the new Energy Master Plan. The committee was comprised of senior staff designees from the following state agencies: Board of Public Utilities, Department of Community Affairs, Economic Development Authority, Department of Environmental Protection, Department of Health, Department of Human Services, Department of Transportation, Department of Labor and Workforce Development, and Department of the Treasury. The committee was tasked with developing a blueprint for the total conversion of the State's energy production profile to 100% clean energy by January 1, 2050, with specific proposals to be implemented over the next 10 years.

On January 27, 2020, the 2019 EMP was unveiled following months of research, review, and stakeholder input. The EMP outlines seven key strategies to achieve 100% clean energy by 2050: reduce energy consumption and emissions from the transportation sector; accelerate deployment of renewable energy and distributed energy resources; maximize energy efficiency and conservation and reduce peak demand; reduce energy consumption and

emissions from the building sector; decarbonize and modernize New Jersey’s energy system; support community energy planning and action in underserved communities; and expand the clean energy innovation economy.

FUNDING LEVELS

The funding recommendations for FY22 considered NJCEP’s historic results and forecasts for the year. Staff is recommending that the Board maintain a funding level of \$344,665,000 for FY22. The following table summarizes the appropriate funding levels for NJCEP FY22 budget.

Proposed FY22 Funding Levels		
CEP Budget Category	FY22 SBC Funding	Total FY22 Funding
<i>Total NJCEP + State Initiatives</i>	344,665,000	586,106,880
State Energy Initiatives	87,100,000	87,100,000
Total NJCEP	257,565,000	499,006,880
Energy Efficiency Programs	137,484,894	311,225,053
Res EE Programs	18,169,071	26,386,739
Res Low Income (Comfort Partners)	45,930,000	45,930,000
C&I EE Programs	46,555,175	153,334,372
Energy Efficiency Transition	16,530,648	23,340,494
State Facilities Initiative	7,300,000	57,733,448
Acoustical Testing Pilot	3,000,000	4,500,000
Distributed Energy Resources	5,472,918	24,635,545
CHP - FC	5,472,918	20,635,545
Microgrids	0	4,000,000
RE Programs	11,661,449	29,384,270
Offshore Wind	8,992,441	26,715,262
Solar Registration	2,669,008	2,669,008
EDA Programs	9,587,000	15,359,085
Clean Energy Manufacturing Fund	87,000	109,085
NJ Wind	7,000,000	11,500,000
R&D Energy Tech Hub	2,500,000	3,750,000
Planning and Administration	30,920,000	45,510,870
BPU Program Administration	5,185,000	5,185,000
Marketing	8,000,000	13,601,927
CEP Website	0	400,000
Program Evaluation/Analysis	12,700,000	19,724,922

Outreach and Education	4,710,000	6,210,000
Memberships	325,000	389,021
BPU Initiatives	62,438,739	72,892,057
Community Energy Grants	505,000	1,000,000
Storage	20,000,000	20,000,000
Electric Vehicle Program	41,933,739	47,392,057
Workforce Development	0	4,500,000

ENERGY EFFICIENCY

The CEA directs both the Board and the State’s investor-owned electric and gas utilities to take action regarding EE. The CEA requires the Board to adopt an electric and gas EE program in order to ensure investment in cost-effective EE measures, ensure universal access to EE measures, and serve the needs of low-income communities.

Additionally, as previously noted, the CEA requires each electric public utility to achieve annual reductions in the use of electricity of at least 2% and each natural gas public utility to achieve annual reductions in the use of natural gas of at least 0.75% of the average annual usage in the prior three years within five years of implementation of its EE program.

In January 2019, the BPU contracted with Optimal Energy to conduct a market potential study. Staff has worked with the New Jersey Division of Rate Counsel, utilities, and other stakeholders and held four stakeholder meetings to advance the study.

On February 1, 2019, the BPU held a public meeting to solicit responses to 12 questions that would help guide the process and advance the design of the EE programs under the requirements of the CEA.

At the May 28, 2019 Board agenda meeting, the Board approved the following items to advance the goals of the CEA:

- The acceptance of the final “Energy Efficiency Potential in New Jersey” study;
- The adoption of the preliminary quantitative performance indicators related to electric and natural gas usage reduction targets; and
- The structure of the Advisory Group, whose members would provide insight on key elements of program implementation and evaluation for Staff’s use in the development of recommendations to the Board.

An extensive public stakeholder process continued in the late summer, fall, and winter with 10 additional stakeholder and technical working group meetings, as well as regular meetings with the Energy Efficiency Advisory Group. Significant stakeholder comment was received,

reviewed, and incorporated and helped to refine three straw proposals (Program Administration, Cost Recovery, and Utility Targets), as well as a full straw proposal which resulted in Staff recommendations to the Board for the next generation of EE programs. On June 10, 2020, the Board approved an expansive EE program which highlighted an enhanced role for utilities and addressed issues such as utility-specific energy usage and peak demand reduction targets, program structure, cost recovery, utility filing requirements, program timeframes, evaluation, and reporting requirements. Staff is continuing to work with New Jersey's investor-owned utilities, the New Jersey Division of Rate Counsel, and other stakeholders to ensure that the new framework is put into place fully, properly, and with minimal ratepayer impact. Utilities are preparing their filings for programs to start on July 1, 2021.

In FY22, Staff will continue to transition the EE programs, as well as advance the evaluation, measurement, and verification needed to ensure energy savings. Staff will continue to facilitate working groups to assist in the implementation of State and utility EE programs. Staff will finally work to procure appropriate studies and evaluations to assist in the determination of energy savings, cost effectiveness, code compliance, EE baselines, and other relevant assessments.

The FY22 NJCEP proposal provides continuation of funding for programs for residential, governmental, commercial, and industrial markets, including special incentives for overburdened communities, with a particular focus on outreach and education to ensure equity in access to EE and development of a diverse EE workforce.

RENEWABLE ENERGY

Solar Transition

Pursuant to the CEA, the Board is transitioning from its legacy solar incentive program (SREC registration program or SRP) to a new Successor Solar Program. The Board initiated a proceeding in 2018 to gather stakeholder input on the transition and conducted a public rulemaking process for SREC registration program closure upon a determination that 5.1% of the kilowatt hours sold in the state comes from solar electric power generators connected to the state's electric distribution system (5.1% milestone).

In December 2019, the Board approved a Transition Incentive Program designed to provide a bridge between the legacy SREC program and a successor incentive program. The transition incentive was further amended by orders issued in January and February 2020 and adopted in rules published in the New Jersey Register on October 5, 2020.

At the April 6, 2020 agenda meeting, the Board announced that the attainment of the 5.1% milestone was imminent given the additional decline in retail electricity sales anticipated with the COVID-19 response and directed Staff to close the SREC market to new entrants on April 30, 2020.

On May 1, 2020, the Transition Incentive Program opened to new projects and projects with a valid SRP registration that did not energize prior to the 5.1% milestone (and were not granted a COVID-19 waiver). The Transition Incentive Program will remain open to new registrants until the Successor Incentive Program, currently in development, is launched.

On January 7, 2021, the Board fulfilled the CEA mandate to study “how to modify or replace the SREC program to encourage the continued efficient and orderly development of solar renewable energy generating sources throughout the State.” The Board delivered to the Governor and legislature the New Jersey Solar Transition Final Capstone Report, which summarized the findings of an extensive stakeholder process and provided recommendations based on these findings and solar market modeling specific to New Jersey.

On April 7, 2021, drawing from the Capstone Report findings, Staff issued a straw proposal which presented specific recommendations for the design of a successor solar incentive program (“Successor Program”). The initial straw proposal recommended that the Board employ two programs to provide incentives to solar electric generation facilities: an administratively-determined incentive for behind-the-meter projects as well as all community solar projects, and a competitive solicitation program. The final details of the Successor Program including the administratively-determined incentive levels will be approved by the Board based upon the public input solicited in the straw proposal. Details concerning the closure of the Transition Incentive program were also addressed in Staff’s straw proposal and the subject of public input. Staff anticipates procuring the services of a competitive solicitation program administrator and conducting additional stakeholder outreach before this element of the program design is finalized and implemented.

Community Solar

The New Jersey Community Solar Energy Pilot Program was launched on February 19, 2019, pursuant to the CEA (L. 2018, c. 17). The Pilot Program specifically aims to increase access to solar energy by enabling electric utility customers to participate in a solar generating facility that could be remotely located from their own residence or place of business. The BPU anticipates awarding at least 300 MW over the course of three years, at least 40% of which must be allocated to projects serving low- and moderate-income communities.

On December 20, 2019, the Board granted conditional approval to 45 projects as part of Program Year 1 of the Program, representing almost 78 MW. All 45 projects have committed to allocating at least 51% of project capacity to low- and moderate-income subscribers. Following a stakeholder proceeding on recommendations to improve the Program rules and regulations, the Board approved and released the Program Year 2 Community Solar Energy Pilot Program application form on October 2, 2020. The Program Year 2 Pilot Program application period closed on February 5, 2021. The Board is currently in the process of reviewing the 410 applications received by the deadline, representing approximately 800 MW.

On April 7, 2021, Staff issued a Staff Straw Proposal that included options and questions to stakeholders for the design of a permanent Community Solar Program. The permanent program is anticipated to be adopted by the Board by February 2022.

Offshore Wind

Governor Phil Murphy signed EO8 on January 31, 2018. The purpose of EO8 was to reinvigorate the implementation of the State's OWEDA. EO8 directed the BPU and all agencies with responsibility under OWEDA to "take all necessary action" to fully implement OWEDA and begin the process of moving New Jersey towards a goal of 3,500 megawatts of offshore wind energy generation by the year 2030. EO8 also required an initial solicitation of 1,100 MW as the first step towards achieving the goal and required the development of an Offshore Wind Strategic Plan (OSWSP).

In 2018, the Interagency Agency Taskforce on Offshore Wind was developed to assist in the development of the OSWSP. In FY19, a consultant for the OSWSP was retained and work began. In September 2018, the BPU issued a solicitation for 1,100 MW of offshore wind energy generation, and in June 2019, the BPU approved an application for a 1,100 MW offshore wind generation project submitted by Ocean Wind.

On November 19, 2019, Governor Murphy signed EO92, increasing the State's offshore wind energy generation goal to 7,500 MW by 2035. Governor Murphy found that, as a result of efforts by the State following EO8, "offshore wind development is a growing economic sector in the State with increases in supply chain presence, private investment in ports, workforce development efforts, and research and development for offshore wind industry and labor." Governor Murphy found that expanding the offshore wind goal will ensure that the State can "meet the State's goals of 50 percent renewable energy by 2030 and 100 percent clean energy by 2050, in addition to creating a significant number of good-paying jobs."

The OSWSP was released for public comment in July 2020 and was approved by the BPU in September 2020.

Also in September 2020, a second solicitation was issued for 1,200 to 2,400 MW of OSW. Evaluation of applications received from two developers in December 2020 is ongoing, with an expected award by the Board in June 2021.

In November 2020, the Board requested that PJM include the State's OSW goal into its regional transmission expansion planning under a PJM process known as the State Agreement Approach (SAA). The Board also issued an RFQ for a consultant to assist Staff with the SAA process, and a contract was awarded to a qualified consultant. A solicitation for OSW transmission solutions was issued by PJM on behalf of the Board in April 2021, with proposals expected in August 2021.

In FY21, the Board entered into a memorandum of understanding (MOU) with the South Jersey Port Corporation to provide funding for the development of a monopile manufacturing facility at the Port of Paulsboro. The Board also entered into an MOU with

the NJEDA to support the development of the New Jersey Wind Port and to support the activities of the Wind Innovation and New Development (“WIND”) Institute.

DISTRIBUTED ENERGY RESOURCES

In FY20, the first phase of the BPU’s Town Center Distributed Energy Resources (TCDER) Microgrid Incentive Program was completed. Phase I consisted of TCDER Microgrid feasibility studies. The BPU funded 13 feasibility studies, which Staff reviewed and accepted. The BPU also launched Phase II of the TCDER Incentive Program in FY20. All Phase I participants with an approved feasibility study were eligible for Phase II, which consists of incentives for a detailed design of the TCDER Microgrid. After one feasibility study participant voluntarily withdrew from consideration, there were 12 eligible applicants for Phase II incentives, and 11 applications were received in May 2020. In FY21, the BPU awarded incentives to eight (8) projects. After Phase II is complete, applicants will decide whether to move forward with Phase III, which will encompass the construction and implementation of the TCDER microgrid projects. To assist towns to advance to Phase III, the BPU applied for and received a grant of approximately \$300,000 from the U.S. Department of Energy to conduct a study regarding financing microgrids.

In FY19, the Board retained Rutgers University to conduct an analysis of energy storage (ES) in New Jersey pursuant to the CEA. The contract for the requested analysis commenced on November 1, 2018, and the Board accepted the final report at the June 12, 2019 Board meeting.

As part of Phase One of the ES approach, a solar+storage program was included in the Solar Successor Program Straw Proposal released for public comment in FY21. Phase Two of the energy storage program will further investigate, with stakeholder involvement, where storage can provide the most benefit to the transmission and distribution system at the least cost to ratepayers.

ELECTRIC VEHICLES

On January 17, 2020, the Governor signed into law L. 2019, c. 362 (N.J.S.A. 48:25-1 et seq.) (“the Electric Vehicle Act” or “EV Law”), which established the State’s goals for the use of plug-in EVs and the development of supporting plug-in EV charging infrastructure.³ In particular, the Act authorized the Board to adopt policies and programs to accomplish the State’s goals and authorized the use of SBC funds to effectuate those policies and programs, which include:

³ N.J.S.A. 48:25-3.

1. There shall be at least 330,000 registered light-duty, plug-in electric vehicles in New Jersey by December 31, 2025, and at least 2 million electric vehicles registered in New Jersey by December 31, 2035.
2. At least 85% of all new light-duty vehicles sold or leased in New Jersey shall be plug-in electric vehicles by December 31, 2040.
3. At least 25% of State-owned non-emergency light duty vehicles shall be plug-in electric vehicles by December 31, 2025.
4. 100% of State-owned non-emergency light-duty vehicles shall be plug-in electric vehicles by December 31, 2035 and thereafter.
5. At least 1,000 Level Two chargers shall be available for public use across the state by December 31, 2025.
6. The Department of Environmental Protection, in consultation with the Board, shall establish goals for vehicle electrification and infrastructure development for medium and heavy duty vehicles by December 31, 2020.

In FY22, NJCEP will continue to advance those goals in a variety of different ways. In FY21, the Board approved two EDC petitions to launch light-duty EV public charging programs, and Staff is working with utility staff to ensure the successful implementation of those programs. Additionally, Staff is currently reviewing the two remaining EDC filings to ensure they comply with the Board's minimum filing requirements for light-duty public EV charging. Staff has also begun the process for seeking stakeholder input on the subject of Medium and Heavy Duty (MHD) EV charging and plans to provide multiple opportunities for input on MHD investment and on mechanisms for rate recovery and rate setting for MHD EV charging.

The Electric Vehicle Act also created the Charge Up New Jersey Program (CUNJ) within the NJCEP to encourage the purchase or lease of new light-duty plug-in electric vehicles in the State and assist New Jersey residents in making the switch to driving electric vehicles by offering a financial incentive directly linked to a vehicle's EPA-rated all-electric range. The BPU intends to facilitate the achievement of the State's EV goals and implement an incentive program which moves the State forward on transportation electrification, while decreasing greenhouse gas emissions. Staff launched Phase 1 of the program, the post-purchase incentive, in May 2020. In the first year of the program, which spanned across FY20 and FY21, CUNJ provided over 7,000 vehicles with over \$36 million in incentives. Staff recommends launching Phase 2, the point-of-sale incentive, pending approval of the FY22 budget, and will develop Phase 3, which includes an incentive for residential chargers, later in the fiscal year.

Additionally, the EV law established goals to encourage the State-owned non-emergency light-duty vehicles EV adoption. The law calls for at least 25 percent of the fleet to be plug-in electric vehicles by December 31, 2025, and 100 percent by December 31, 2035. In order to achieve those goals, NJBPU Staff will develop a program in FY22 to assist in funding the increased up-front costs associated with the adoption of light-duty EVs for the State and municipal fleets.

STATE ENERGY SERVICES

The State Facilities Initiative (SFI) allows the State to lead by example by identifying and implementing EE projects at governmental and/or quasi-governmental mandated agencies and facilities. The goal is to implement energy reduction, energy savings, and EE projects with the objective of producing energy and cost savings. The Energy Capital Committee (ECC), chaired by BPU's Division of State Energy Services (SES), consists of members from the Department of Treasury, including the Office of Management and Budget, Fiscal, and the Division of Property Management and Construction (DPMC) Energy Initiatives Group, along with the BPU's SES and BPU fiscal division. The ECC coordinates and recommends approval of projects based on evaluation of capital costs and anticipated energy savings. The SFI funds are allocated for and spent on projects identified by the SES and the ECC.

The Board previously entered into two MOUs, with DPMC to implement projects, approved by the Board on February 22, 2017⁴ and on November 13, 2019⁵. The 2019 MOU also established roles and responsibilities of the parties, as well as governing SFI funding allocation and spending. The Board has the ability to further allocate funds and/or assign projects funded by the Board to the SFI.

Projects may focus on: (a) improvements, upgrades, and replacements of air handling and movement systems; (b) lighting and equipment upgrades and replacements; (c) boiler, chiller, and HVAC replacements; (d) lighting and building controls; (e) RE and EE systems at State facilities; and (f) injection of funding for State facility projects outside of the ECC domain that have an EE or RE component but are stalled due to lack of funding.

OUTREACH AND EDUCATION

In FY22, outreach and education will play a key role in driving energy savings and educating all customer markets on the benefits and cost savings associated with energy reduction plans.

The Division of Clean Energy postponed the 2021 Clean Energy Conference due to the health crisis. The conference, now planned for FY22, will help educate the public about the benefits derived from NJCEP and the opportunities available through the program. The conference

⁴ In re the Matter of a Memorandum of Understanding between the New Jersey Division of Property Management and Construction and the New Jersey Board of Public Utilities, BPU Docket No. QO17010075, Order Dated February 22, 2017.

⁵ In re the Matter of the Memorandum of Understanding Between the New Jersey Division of Property Management and Construction, Department of Treasury and the New Jersey Board of Public Utilities Regarding the State Facilities Initiatives Program Budget, BPU Docket No. QO19101423, Order Dated November 13, 2019.

will provide a platform to inform industry, government, and trade stakeholders about upcoming changes and enhancements to New Jersey's clean energy initiatives and will increase national recognition of New Jersey as a leader in clean energy.

The DCE anticipates improving the visibility and exposure of NJCEP and advancing the State's clean energy goals through a variety of efforts, including outreach through its program administrator, as well as strategic partnerships with academic and non-profit partners such as the New Jersey Institute of Technology and Sustainable Jersey.

EVALUATION

Evaluation and related research provide crucial insights into and analysis of clean energy markets and programs. The BPU is the lead agency tasked with the development and implementation of the EMP and NJCEP. As such, the BPU is required to track and report on progress in meeting the EMP goals, as well as to evaluate current and proposed NJCEP programs in terms of their achievement of energy savings, rate impact, and costs versus benefits of specific programs operated through ratepayer funds. The BPU is also required to establish baselines related to efficiency, RE generating sources, and emerging technologies and to evaluate the market potential for current and emerging clean energy technologies.

The CEA required the Board to establish an independent advisory group to study the evaluation, measurement, and verification process for EE and peak demand reduction programs. In FY20, Staff convened the Energy Efficiency Advisory Group, which played a key role in establishing the new EE framework. The EE transition framework established by the Board on June 10, 2020 required enhanced EM&V to ascertain both costs and savings, among other targets.

Rutgers University's Center for Green Building will continue to support the BPU's DCE to manage program evaluation and the NJ Energy Data Center and to perform cost-benefit analyses and other related research activities. However, the most recent Scope of Work has been revised from previous years to reflect the evolving role of RCGB given the Energy Efficiency Transition. Several of the tasks currently completed by RCGB will transition to other entities with the implementation of the Energy Efficiency Transition Order and establishment of the EM&V Working Group. The current SOW has been modified to reflect this transition by dividing tasks in to Legacy and Transitional and New Convened and Emergent Tasks.

Recently, Staff has procured a statewide evaluator to assist in the independent evaluation of State and utility programs and to help lead the EM&V Working Group as required by the Board on June 10, 2020.

Over the next 18 months, Staff will work with a consulting firm to supplement the Integrated Energy Plan and preliminary analysis initiated by RCGB to complete a final Ratepayer Impact Study of the 2019 Energy Master Plan. The consultant will assist Staff

with developing cost estimates for the various elements of implementing New Jersey’s clean energy goals such as the Renewable Portfolio Standard, solar incentives, energy efficiency, electric vehicles, offshore wind, energy storage programs, and the Regional Greenhouse Gas Initiative.

Additionally, the consultant will assist Staff with an ongoing collaborative stakeholder process that will inform the development of the Study.

FISCAL YEAR 2022

In developing the funding recommendations for FY22, Staff considered the program’s historic results and current trends. The following table shows NJCEP program expenses, commitments, and energy savings/generation since FY20:

**NJ Clean Energy Program
Historical Results**

Category	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Expenses:							
Energy Efficiency	\$178,097,682	\$187,876,975	\$158,597,561	\$154,637,292	\$141,866,785	\$155,100,858	\$168,966,595
CHP	\$1,474,906	\$2,448,358	\$4,958,392	\$21,116,544	\$5,611,076	\$6,950,828	\$2,959,614
Renewable Energy	\$4,193,890	\$4,699,543	\$4,247,762	\$2,372,698	\$1,968,807	\$2,617,286	\$2,937,681
EDA Programs	\$5,524,016	\$2,877,474	\$202,606	\$2,550,186	\$134,654	\$98,749	\$75,491
NJCEP Admin	\$5,511,570	\$5,435,669	\$7,574,044	\$7,460,631	\$7,004,563	\$8,732,720	\$6,186,094
TRUE Grant	\$7,419,100	\$0	\$3,000,000	\$3,291,331	\$0	\$0	\$0
BPU Initiatives	\$0	\$0	\$0	\$0	\$0	\$0	\$739,875
NJCEP Total Expenses	\$202,221,164	\$203,338,018	\$178,580,365	\$191,428,681	\$156,585,885	\$173,500,440	\$181,865,350
Year-end Commitments:							
Energy Efficiency	\$95,187,314	\$102,018,033	\$83,573,517	\$103,660,829	\$116,223,497	\$132,443,047	\$128,472,910
CHP	\$6,050,795	\$9,361,807	\$31,490,510	\$25,075,756	\$19,732,356	\$14,231,341	\$16,465,176
Renewable Energy	\$7,755,043	\$7,233,804	\$7,442,096	\$0	\$0	\$572,829	\$2,184,994
EDA Programs	\$8,106,179	\$13,438,007	\$9,123,680	\$3,010,804	\$0	\$0	\$0
NJCEP Admin	\$0	\$0	\$552,330	\$2,185,196	\$1,698,195	\$2,976,858	\$6,428,988
TRUE Grant	\$1,874,500	\$0	\$0	\$0	\$0	\$0	\$0
BPU Initiatives	\$0	\$0	\$0	\$0	\$0	\$0	\$1,982,701
NJCEP Total Expenses	\$118,973,832	\$132,051,651	\$132,182,133	\$133,932,585	\$137,654,049	\$150,224,074	\$155,534,770
Total Program Need:							
Energy Efficiency	\$273,284,995	\$289,895,008	\$242,171,078	\$258,298,120	\$258,090,282	\$287,543,904	\$297,439,506
CHP	\$7,525,702	\$11,810,165	\$36,448,902	\$46,192,300	\$25,343,433	\$21,182,168	\$19,424,790
Renewable Energy	\$11,948,933	\$11,933,347	\$11,689,858	\$2,372,698	\$1,968,807	\$3,190,115	\$5,122,675
EDA Programs	\$13,630,195	\$16,315,480	\$9,326,286	\$5,560,990	\$134,654	\$98,749	\$75,491
NJCEP Admin	\$5,511,570	\$5,435,669	\$8,126,374	\$9,645,827	\$8,702,758	\$11,709,578	\$12,615,083
TRUE Grant	\$9,293,600	\$0	\$3,000,000	\$3,291,331	\$0	\$0	\$0
BPU Initiatives	\$0	\$0	\$0	\$0	\$0	\$0	\$2,722,576
NJCEP Total Need	\$321,194,996	\$335,389,669	\$310,762,498	\$325,361,266	\$294,239,934	\$323,724,514	\$337,400,121
Savings:							
Electric (Lifetime MWh)	6,040,321	6,596,626	5,196,520	8,702,258	4,741,803	7,446,341	11,613,313
Gas (Lifetime Dtherm)	16,657,595	14,611,466	19,448,885	17,537,782	18,961,253	13,831,065	10,226,899
Demand Reduction (kW)	80,245	113,442	69,668	76,104	52,461	73,154	98,771
Generation (MWh)	5,346,105	4,853,617	7,800,616	9,338,166	8,564,608	8,240,121	11,744,618

SBC COLLECTION SCHEDULE

For FY22, the allocation of the funding to utilities is based on the statewide Universal Service Fund proceeding that forecasts electric and natural gas operating jurisdictional revenues and normalized monthly sales, which are provided below.

Proposed Allocation to Electric and Natural Gas Ratepayers			
		2019-20 Estimated Retail Revenues (000)*	% of Total Revenues
Electric		\$6,757,654	66.91%
Natural Gas		\$3,342,355	33.09%
Total		\$10,100,010	100.00%
Year	Total Funding Level	Electric	Natural Gas
Allocation %		66.91%	33.09%
FY22	\$344,665,000	\$230,606,402	\$114,058,598
Retail revenues from PSE&G USF filing Attachment A dated June 25, 2020			

Projected Sales Volumes														
Estimates of Normalized Jurisdictional Sales														
	2021	2021	2021	2020	2020	2020	2021	2021	2021	2021	2021	2021	Total	
	July	August	September	October	November	December	January	February	March	April	May	June		
Gas Therms* (000)														
NJNG	19,686	19,749	19,337	33,288	67,472	111,854	138,032	115,314	93,580	48,664	26,827	19,928	713,730	15.51%
SJG	19,523	18,619	19,084	18,959	37,318	60,086	89,135	86,679	76,924	56,158	28,453	21,978	532,916	11.58%
PSE&G gas	80,400	76,517	78,149	108,930	217,085	376,481	489,502	490,771	403,480	282,863	144,022	104,534	2,852,733	61.98%
ETG	17,784	18,143	16,252	20,265	36,503	60,204	79,261	87,014	69,917	50,180	28,847	19,021	503,391	10.94%
Total	137,393	133,028	132,822	181,442	358,378	608,625	795,930	779,777	643,901	437,864	228,148	165,461	4,602,770	100.00%
Electric MWH														
PSE&G electric	4,048,024	4,052,234	3,684,958	3,088,557	2,933,582	3,367,670	3,538,875	3,330,548	3,168,172	2,915,699	2,933,414	3,358,593	40,420,326	57.60%
JCP&L	1,978,780	2,147,468	1,922,486	1,453,440	1,360,072	1,518,390	1,801,582	1,659,020	1,545,133	1,403,531	1,393,636	1,628,449	19,811,987	28.23%
ACE	911,112	968,315	960,435	543,657	582,417	621,099	737,005	690,017	681,000	572,431	566,136	655,893	8,489,517	12.10%
RECO	153,551	153,201	138,512	117,246	108,406	119,355	123,455	111,920	103,283	99,585	103,218	123,108	1,454,840	2.07%
Total	7,091,467	7,321,217	6,706,391	5,202,900	4,984,477	5,626,514	6,200,917	5,791,505	5,497,588	4,991,246	4,996,404	5,766,042	70,176,670	100.00%
*Gas sales exclude wholesale therms														
source: 6/25/20 PSE&G USF filing Attachment A														

Staff utilized the revenue and sales projection from the tables above to develop the proposed monthly utility payments. The table on the next page sets out the proposed monthly payments to the Clean Energy Trust Fund due from each utility. This fund accounts for revenues collected from the SBC on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives.

Monthly Utility Funding Levels													
FY22	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
PS-Electric	\$13,302,146.32	\$13,315,978.26	\$12,109,081.19	\$10,149,255.85	\$9,639,995.66	\$11,066,446.09	\$11,629,038.16	\$10,944,459.25	\$10,410,878.71	\$9,581,229.84	\$9,639,442.58	\$11,036,616.23	\$132,824,568.14
JCP&L	\$6,502,436.47	\$7,056,759.34	\$6,317,449.68	\$4,776,125.32	\$4,469,310.27	\$4,989,556.45	\$5,920,149.03	\$5,451,678.38	\$5,077,436.18	\$4,612,120.18	\$4,579,604.38	\$5,351,219.52	\$65,103,845.20
ACE	\$2,993,988.56	\$3,181,962.68	\$3,156,069.74	\$1,786,502.60	\$1,913,871.06	\$2,040,983.16	\$2,421,861.38	\$2,267,454.89	\$2,237,822.05	\$1,881,057.42	\$1,860,370.93	\$2,155,318.58	\$27,897,263.05
RECO	\$504,581.42	\$503,431.29	\$455,162.01	\$385,280.16	\$356,231.18	\$392,210.51	\$405,683.45	\$367,778.47	\$339,396.57	\$327,244.63	\$339,182.98	\$404,543.18	\$4,780,725.85
NJN	\$487,826.70	\$489,397.55	\$479,189.40	\$824,882.17	\$1,671,983.09	\$2,771,780.90	\$3,420,487.18	\$2,857,526.98	\$2,318,941.56	\$1,205,903.72	\$664,772.68	\$493,832.79	\$17,686,524.72
SJG	\$483,792.47	\$461,378.67	\$472,900.31	\$469,824.29	\$924,751.56	\$1,488,955.43	\$2,208,811.90	\$2,147,940.54	\$1,906,220.35	\$1,391,609.50	\$705,082.24	\$544,628.95	\$13,205,896.21
PS-Gas	\$1,992,344.37	\$1,896,116.95	\$1,936,574.66	\$2,699,332.23	\$5,379,454.19	\$9,329,363.74	\$12,130,057.52	\$12,161,503.09	\$9,998,413.90	\$7,009,465.45	\$3,568,917.26	\$2,590,390.19	\$70,691,933.55
ETG	\$440,695.09	\$449,591.26	\$402,731.48	\$502,175.33	\$904,559.88	\$1,491,880.75	\$1,964,121.37	\$2,156,243.97	\$1,732,573.03	\$1,243,481.77	\$714,840.94	\$471,348.41	\$12,474,243.28
Total	\$26,707,811.40	\$27,354,616.00	\$25,329,158.47	\$21,593,377.95	\$25,260,156.89	\$33,571,177.03	\$40,100,209.99	\$38,354,585.57	\$34,021,682.35	\$27,252,112.51	\$22,072,213.99	\$23,047,897.85	\$344,665,000.00

Note: yellow cell reduced by \$0.07 to adjust for rounding

CONCLUSION

In May 2018, Governor Murphy's EO28 directed the State to achieve 100% clean energy by 2050. Staff's FY22 CRA straw proposal is intended to advance the State toward that goal and to recognize the value of energy efficiency, renewable energy, and distributed energy resources as foundational energy resources that, when delivered cost-effectively, reduce the cost of energy for all ratepayers while providing additional benefits. These benefits include the health benefits associated with improved air quality, lower environmental compliance costs, increased grid reliability, as well as economic development opportunities in the form of jobs and a more competitive business environment. This proposal recommends that the State continue to make the investments necessary to keep New Jersey on the path toward achieving the Governor's clean energy goals.