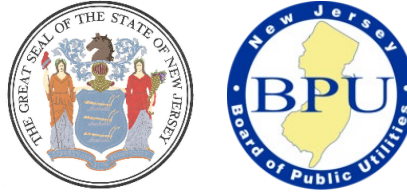


State of New Jersey
Governor Philip D. Murphy
Lt. Governor Sheila Y. Oliver

Board of Public Utilities



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President

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REQUEST FOR COMMENTS

Proposed Revision to the New Jersey Clean Energy Program Fiscal Year 2022 Budgets for Existing Homes and C&I Buildings (Staff-Authorized)

Docket No. QO21040720

Staff of the New Jersey Board of Public Utilities (“NJBP” or “Board”) invites all interested parties and members of the public to provide written responses to proposed revisions to the New Jersey Clean Energy Program (“NJCEP”) budgets for two (2) programs.

BACKGROUND AND PROCEDURAL HISTORY

By Order dated February 14, 2014 (“Order”), the Board authorized Board Staff (“Staff”) to make revisions to the NJCEP budgets so long as certain conditions are met.¹ Specifically, the Board authorized Staff to revise the NJCEP budgets within a given funding category, such as energy efficiency (“EE”), so long as the revision would not reduce any program’s budget by more than 10%.

The Order requires Staff to provide a written notice to each Commissioner at least seven (7) days prior to implementing any budget revision, which notice Staff has provided for these proposed revisions. In addition, the Order requires that Staff shall post notice of such budget revision on the NJCEP website and circulate the notice to the Energy Efficiency and Renewable Energy stakeholder listservs, allowing for at least seven (7) days for public comment before any budget revision is implemented,² which requirement is satisfied by the issuance of this Request for Comments.

¹ I/M/O of the Clean Energy Programs and Budget for Fiscal Year 2014, BPU Docket No. EO13050376V, Order dated February 14, 2014, <https://nj.gov/bpu/pdf/boardorders/2014/20140129/1-29-14-8F.pdf>

² *Id.*, at “General Description of Authority and Limitations and Delegated Authority,” Section D.1.-2.

PROPOSED BUDGET REVISIONS

By Order dated March 9, 2022, the Board approved, among other matters, NJCEP's True-Up and Revised Budgets ("Revised Budget").³ The Revised Budget for the Residential Existing Homes ("Existing Homes") Program, which consists of two sub-programs – Home Performance with ENERGY STAR® ("HPwES") and HVAC – was based on, among other factors, the assumption that the average amount paid for each HVAC system per application incentive would remain consistent with the historical average (from the prior fiscal year) of approximately \$525/application.

However, over the past few months, the average incentive paid per HVAC application has sharply increased to approximately \$612/application, an increase of approximately \$87/application above the historical average. This is in large part driven by an increase in the number of cold climate heat pump applications,⁴ which have received incentives of between \$1,000/application and \$2,000/application, i.e., two to four times the historical average for all HVAC applications. Staff is pleased to see the increase in cold climate heat pump applications, as the subject heat pumps are especially energy efficient and also support the State's 2019 Energy Master Plan's strategies to reduce energy consumption and greenhouse gas emissions from the building sector (through measures including electrification with heat pumps) and to decarbonize and modernize New Jersey's energy system.⁵ With an approximate 8,600 HVAC applications processed since the Revised Budget was estimated, the above-described increases in applications drive the need for a budget increase of approximately \$750,000.⁶

On the other hand, the Commercial and Industrial ("C&I") Buildings Program has experienced lower than originally expected participation and demand in Fiscal Year 2022 ("FY22") and, therefore, is expected to finish FY22 with a budget surplus of over \$800,000.

In light of the foregoing, and to avoid the possibility of having to seek another budget revision and to ensure there are sufficient funds to pay all remaining rebates and associated processing fees with respect to the Existing Homes Program, Staff proposes to increase the Existing Homes Program budget by \$800,000. This would provide the

³ I/M/O of the Clean Energy Programs and Budget for Fiscal Year 2022 – True-Up, Revised Budgets and Program Changes, BPU Docket No. QO21040720, Order dated March 9, 2022.

⁴ As background, cold climate heat pump applications relate to an all-electric technology that is more efficient and more expensive than traditional HVAC equipment. Applicants applying for a rebate have already purchased the equipment. On the application, these applicants select this technology and receive the associated incentive.

⁵ New Jersey Board of Public Utilities, 2019 New Jersey Energy Master Plan: Pathway to 2050, available at https://nj.gov/bpu/pdf/publicnotice/NJBPU_EMP.pdf.

⁶ This amount represents the rounding of \$87 per application, multiplied by 8,600 applications (\$87 x 8,600 = \$748,200).

Existing Homes Program with the funds Staff expects to be sufficient to support the now-forecasted demand through the end of FY22. Staff further proposes to decrease the C&I Buildings Program budget, which is also within the EE funding category, by \$800,000. This decrease would leave the C&I Buildings Program with the funds Staff expects to be sufficient to support the now-forecasted demand through the end of FY22.

The proposed \$800,000 increase to the Existing Homes Program budget would be allocated across two categories: \$780,000 to the “Rebates, Grants, and Other Direct Incentives” cost category, and \$20,000 to the “Rebate Processing and QA” cost category. The proposed decrease to the C&I Buildings Program budget would occur entirely within the “Rebates, Grants, and Other Direct Incentives” cost category and is well under 10% of the program’s budget.

The following tables show the current Board-approved budget, the proposed revisions to that budget, and the resultant budget. Staff has not approved any other budget revisions during FY22 for these programs:

<i>Current Board Approved FY22 Budget by Cost Category</i>							
<i>Program/Budget Line</i>	<i>Total Budget</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing and QA</i>	<i>Evaluation</i>
Existing Homes	\$15,898,503	\$2,379,933	\$65,260	\$0	\$12,336,843	\$1,116,467	\$0
C&I Buildings	\$124,234,969	\$5,779,352	\$278,840	\$50,000	\$116,612,163	\$1,514,614	\$0
<i>Proposed Revisions</i>							
<i>Program/Budget Line</i>	<i>Total Budget</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing and QA</i>	<i>Evaluation</i>
Existing Homes	\$800,000				\$780,000	\$20,000	
C&I Buildings	(\$800,000)				(\$800,000)		
<i>Resultant Revised FY22 Budget by Cost Category</i>							
<i>Program/Budget Line</i>	<i>Total Budget</i>	<i>Administration</i>	<i>Sales, Marketing, Website</i>	<i>Training</i>	<i>Rebates, Grants and Other Direct Incentives</i>	<i>Rebate Processing and QA</i>	<i>Evaluation</i>
Existing Homes	\$16,698,503	\$2,379,933	\$65,260	\$0	\$13,116,843	\$1,136,467	\$0
C&I Buildings	\$123,434,969	\$5,779,352	\$278,840	\$50,000	\$115,812,163	\$1,514,614	\$0

PROCESS AND SCHEDULE FOR SUBMITTING COMMENTS

The deadline for comments is 5:00 p.m. EST on May 5, 2022.

Please submit comments directly to the specific docket listed above using the “Post Comments” button on the Board’s [Public Document Search](#) tool. Comments are considered “public documents” for purposes of the State’s Open Public Records Act, and any confidential information should be submitted in accordance with the procedures set forth in N.J.A.C. 14:1-12.3.

Written comments may also be submitted electronically, in PDF or Word format and with the subject “**Proposed Revision to FY22 NJCEP Budgets for Existing Homes and C&I Buildings (Staff-Authorized)**” to:

Board of Public Utilities

44 South Clinton Avenue, 1st Floor

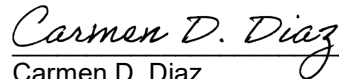
Post Office Box 350

Trenton, NJ 08625-0350

Phone: 609-292-1599

E-mail: board.secretary@bpu.nj.gov

Please submit any questions via email to publiccomments@njcleanenergy.com with the same subject line identified above.



Carmen D. Diaz

Acting Secretary of the Board

Dated: April 28, 2022