Agenda Date: 6/8/09
Agenda Item: 8D

STATE OF NEW JERSEY

Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
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CLEAN ENERGY

IN THE MATTER OF COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY RESOURCE ANALYSIS FOR 2009 -2012: REVISED 2009 PROGRAMS AND BUDGETS AND REVISED COMPLIANCE FILINGS	)))))	ORDER DOCKET NO. EO07030203

BY THE BOARD:
This Order memorializes action taken at the Board of Public Utilities' ("Board's") June 8, 2009 agenda meeting. This Order adjusts the 2009 Budgets and Programs for the Clean Energy Program approved by the Board of Public Utilities in its Order dated January 8, 2009, Docket No. EO07030203.[1]

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

By Order dated April 27, 2007, Docket No. EO07030203, the Board directed the Office of Clean Energy (OCE) to initiate the third comprehensive EE and RE resource analysis proceeding and to schedule public hearings on program funding and funding allocations for the years 2009 – 2012. By Order dated September 30, 2008, Docket No. EO07030203, the Board concluded its

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[1] The budget adjustments set forth in this Order are subject to State appropriations law.

proceeding and set funding levels of $245 million for 2009, $269 million for 2010, $319 million for 2011 and $379 million for 2012. The Board also allocated 2009 funding levels to major program sectors such as residential, commercial and industrial, and renewable energy.

By Order dated January 8, 2009, Docket No. EO07030203, the Board approved 2009 programs and budgets for New Jersey's Clean Energy Program (CEP) ("2009 Budget Order"). This Order approved the compliance filings of Honeywell, the residential and renewable energy program Market Manager; TRC, the C&I program Market Manager; the Utilities, which deliver the Comfort Partners low income program; and the OCE, which performs certain administrative functions, including program evaluation. The compliance filings included the detailed budgets, which break down program budgets by the various reporting categories such as administration, marketing and rebates, of the programs managed by Honeywell, TRC, the Utilities and the OCE.

The 2009 budgets were established based on new funding available in 2009 plus estimated carry over from 2008. Estimated 2008 carry over was based on forecasts of 2008 expenses prepared prior to the end of the calendar year. Now that the actual 2008 expenses are known, the Board will consider in this Order adjustments to the initial 2009 budgets to true up any difference between estimated and actual 2008 expenses and add new funding that has become available since the development of the initial 2009 budgets. The Board will also consider in this Order other changes to the programs recently proposed by Honeywell and TRC discussed below.

Revised 2009 Funding Level
The 2009 budgets established by the Board were based, in part, on estimated 2008 expenses. The table below shows:

- The final 2008 budget approved by the Board by Order dated September 30, 2008
- Actual 2008 expenses as reported to the Board and set out in the revised fourth quarter 2008 CEP report
- Actual 2008 carry over which is the difference between the 2008 budget and actual 2008 expenditures
- The estimated 2008 carry over, which is the difference between the 2008 budget and estimated 2008 expenditures, that was utilized in developing the 2009 budgets as set out in the 2009 Budget Order referenced above, and
- The additional carry over which is the difference between estimated and actual carry over

2008 Additional Carry Over

all values $000	2008 Budget from 9/30/08 Order	Actual 2008 Expenses	Actual 2008 Carry Over	Estimated Carry Over from 1/8/09 2009 Budget Order	Difference = Additional Carry Over
	(a)	(b)	(c)=(a)-(b)	(d)	(e)=(c)-(d)
Energy Efficiency Programs	$180,928	$82,452	$98,476	$86,738	$11,738
Renewable Energy Programs	$226,763	$56,930	$169,833	$141,638	$28,195
OCE Oversight	$11,800	$8,168	$3,632	$1,749	$1,883
Total	$419,491	$147,550	$271,940	$230,125	$41,816
State of NJ Statewide EE Projects	$10,000	$10,000	$0	$0	$0
Total w NJ Statewide EE	$429,491	$157,550	$271,940	$230,125	$41,816

The EE budget shown in the table above is decreased and the RE budget is increased by $9 million from levels shown in Board Order from September 30, 2008 to reflect the transfer of EE Clean Energy Manufacturing Fund budget from EE to RE. The EE budget is decreased by an additional $10 million from level shown in Board Order from September 30, 2008 to reflect legislative appropriation for State of NJ Statewide EE Projects and is now shown as an off budget line item. The total is off by $1,000 from the amount shown in the budget Order due to rounding.

The table above shows that the actual 2008 expenditures were $41.816 million below the estimated expenditures used to develop 2009 budgets. This amount is now available for allocation to 2009 program budgets.

In addition, the New Jersey Economic Development Authority (EDA) has funds available for allocation. The EDA manages the Edison Innovation Clean Energy Manufacturing Fund program as well as loans and grants from previous years, as approved by the Board. EDA holds NJCEP funds that were submitted to it in previous years but remain unspent. Interest is earned on the unspent funds. EDA also received loan repayments and interest on outstanding loans in 2008. As set out in EDA's December 2008 report to the Board, interest earned on unspent funds plus loan repayments and interest on outstanding loans received by EDA in 2008 was $884,036. This amount is also available for allocation to program budgets.

The Board and the OCE strive to keep administrative expenses at a minimum and to reallocate funding available for administration to programs. As shown in the table above, actual 2008 expenses for the OCE Oversight were $1.833 million below estimated expenses. The OCE has also identified other proposed reductions to the 2009 OCE Oversight budget which will be discussed in greater detail below. The OCE Oversight carryover plus those additional proposed reductions to the 2009 OCE Oversight budget total $2.041 million. Honeywell and TRC are proposing changes to the energy efficiency programs including increased customer rebates aimed at stimulating additional participation in the programs. The OCE recommends the reallocation of the $2.041 million additional carry over and other OCE Oversight budget reductions plus the additional EDA funds of $884,036 by line item transfer to the energy efficiency program budgets to cover the costs of the anticipated increase in program participation. These proposed changes are noted in column (c) in Table 2 below.

Finally, past budgets approved by the Board have been rounded to the nearest thousand dollars. The 2009 budgets were shown to the dollar and, in this Order, Staff proposes showing budgets to the penny to avoid future differentials due to rounding. A one-time adjustment of negative $103.38 would eliminate rounding errors going forward.

The following table shows the revised 2009 funding levels that result from the additional carry over, additional EDA funding and reallocation proposed by Staff:

Revised 2009 Funding Levels

	2009 Budget From 1/8/09 Board Order	Additional Carryover and EDA Interest	Line Item Transfers	One Time Adjustment*	Revised 2009 Funding Levels
	(a)	(b)	(c)		(a) + (b) + (c)
Energy Efficiency Programs	$240,377,766.60	$11,738,166.22	$2,925,306.58	($103.37)	$255,041,136.02
Renewable Energy Programs	$219,980,498.00	$28,194,582.14	$0.00		$248,175,080.14
OCE Oversight	$9,549,123.00	$1,882,929.40	($2,041,270.58)		$9,390,781.82
EDA 2008 Interest and Loan Repayments	NA	$884,036.00	($884,036.00)		$0.00
Total	$469,907,387.60	$42,699,713.76	$0.00	($103.37)	$512,606,997.98
State of NJ Statewide EE Projects	$10,000,000.00	$0.00	$0.00		$10,000,000.00
Total w NJ statewide EE	$479,907,387.60	$42,699,713.76	$0.00	($103.37)	$522,606,997.98

Note: The 2008 budgets were rounded to the nearest $000, but 2009 budgets are shown to the penny. The budgets shown above include a one-time adjustment of $103.38 to eliminate rounding errors going forward. The budget for State of NJ Statewide EE Projects was included in the EE budgets shown in the 2009 Budget Order.

Revised program budgets consistent with the revised funding levels in the table above are shown in this Order below.

Applied Energy Group (AEG) was engaged by the Board to provide NJCEP Program Coordinator services. With input from and the approval of the OCE, AEG prepared and circulated to the program managers' spreadsheets with proposed revised budgets. The OCE asked Honeywell, TRC, and the utilities to submit revised detailed budgets that align with the proposed revised budgets below. Honeywell and TRC also proposed additional program changes, which will be discussed further below.

Honeywell-Energy Efficiency

On May 15, 2009, Honeywell submitted proposed revisions to its compliance filing as approved by the Board in the 2009 Budget Order. Honeywell revised its detailed budgets to align with the proposed revised 2009 budgets included in this Order. In addition, Honeywell proposed several modifications to its detailed budgets to more closely parallel budgets with anticipated expenses. Honeywell also proposed modifications to the Home Performance with Energy Star program, the Residential New Construction program, and the Community Based Energy Efficiency Initiative.

These changes are the outcome of numerous discussions in the RE and EE committee meetings with the OCE, the utilities, the Market Managers and other interested parties. Participants discussed, with opportunity to submit written comments, the federal and State efforts to stimulate the economy through additional participation in energy efficiency and renewable energy programs. Further, the Energy Master Plan (EMP) recommends a whole building approach to achieving its aggressive energy efficiency goals. Finally, because the

NJCEP energy efficiency program budgets were under spent in 2008, the OCE engaged the Market Managers in discussions regarding ways to encourage additional program participation in 2009. Thus, the OCE recommended that Honeywell consider increasing the incentives available to customers that participate in the Home Performance with Energy Star (HPwES) and the Residential New Construction programs.

Honeywell proposed the following changes:

Home Performance with Energy Star

The State's electric and gas utilities have proposed several new energy efficiency programs within their Energy Efficiency Economic (E3) stimulus filings for consideration by the Board in response to Governor Corzine's economic development initiative. Several utilities within their E3 filings have proposed additional incentives for the HPwES program. In addition, the Board recently filed with the U.S. Department of Energy (USDOE) within the State Energy Plan (SEP) proposed programs that would utilize federal stimulus funds authorized by the American Recovery and Reinvestment Act of 2009 (ARRA). One of the ARRA SEP proposed programs allocates a portion of the federal funds to the New Jersey Housing and Mortgage Finance Agency (HMFA) to provide no-interest loans to certain Home Performance with Energy Star (HPwES) program participants. The OCE consulted with the utilities, HMFA, and Honeywell as it sought to develop a coordinated statewide approach to the HPwES program with consistent incentives across the State. Ultimately, Staff proposed that the NJCEP would offer the enhanced HPwES incentives discussed in this Order; the utilities and HMFA proposed, subject to appropriate approvals, that they would offer no-interest financing to participating customers.[2]

[2] The utilities' proposals to offer no-interest financing will be considered in the context of the each specific utility's filing pending before the Board. The proposed HMFA program is subject to approval by the USDOE.

In light of the foregoing, Honeywell proposed significant increases in the incentives paid to customers that participate in the HPwES program as set out in Table 3 below:

Proposed HPwES Customer Incentive Tiers and Requirements

INCENTIVE TIER	REQUIREMENTS	CUSTOMER INCENTIVE
Tier 1	Initial audit fee reimbursement (upon completion of at least $2,000 of Tier 3 measures)	$125 (a $300 value)
Tier 2	Install air sealing measures	A maximum $1,000 value, fully subsidized by the program
Tier 3 Non-Income Eligible	Install insulation, HVAC, DHW and other eligible measures with combined savings greater than 5% and less than 25%	10% rebate of the cost of the measures with a maximum rebate of $2,000, or low interest loan based on estimated savings.
	Install insulation, HVAC, DHW and other eligible measures with combined savings greater than or equal to 25%	50% rebate of the cost of the measures with a maximum rebate of $10,000 and zero interest loans.
Tier 3 Income Eligible	Income eligible program participants (household income between 225% and 400% of the federal poverty level) who install insulation, HVAC, DHW and other eligible measures with combined savings greater than 5% and less than 25%	50% rebate of the cost of the measures with a maximum rebate of $10,000 and zero interest loans.
	Income eligible program participants (household income between 225% and 400% of the federal poverty level) who install insulation, HVAC, DHW and other eligible measures with combined savings greater than or equal to 25%	75% rebate of the cost of the measures with a maximum rebate of $10,000 and zero interest loans.

Eligibility for the cash rebates in Tier 3 will be determined by the magnitude of projected savings, as a percentage of total energy consumption. The work described in Tier 3 must achieve a minimum of 5% projected savings in order to be eligible for program incentives and applications must be processed by December 31, 2009. The maximum amount eligible for financing is $20,000.

As discussed above, some of the utilities and HMFA have pending proposals to offer 0% interest loans to underwrite the non-rebated portion of the customer's cost for HPwES projects. As proposed, NJCEP will offer either low interest loans to non-income eligible customers that achieve savings less than 25% or 0% loans for other customers for HPwES work for customers not covered by an approved utility financing program. HMFA, if approved, will provide loans to customers that do not qualify for either utility or NJCEP financing. The NJCEP will provide loans to all customers that would not be served by the utility and/or HMFA loan programs upon approval.

Residential New Construction
Honeywell proposed to double the incentives for customers that participate in the Residential New Construction program and meet the Tier 3 "Micro-load home" program requirements. The average incentive in the initial compliance filing was estimated to be $18,000. The revised filing will double the Tier 3 incentives and cap incentives at $36,000.

Community Partners
The Community Partners Initiative offers New Jersey communities a forum to participate in clean energy campaigns, to educate and facilitate the enrollment of residents, businesses and municipalities in Clean Energy programs, including energy efficiency, renewable energy, demand response and CHP, as well as to provide technical assistance and financial incentives. In its 2009 compliance filing approved by the Board in the 2009 Budget Order, Honeywell stated that the program would include incentive packages that may include monetary incentives or resources in-kind and would be designed to be flexible with an approach that will yield higher rewards for more increased participation in Clean Energy programs. However, program delivery methods and financial incentives were still under development at the time Honeywell submitted its 2009 compliance filing. Honeywell now proposes specific program delivery methods and incentive levels that would be made available to municipalities that participate in the program and revisions to the detailed budgets for this program.

Honeywell's revised compliance filing related to the Community Partners Initiative anticipates a partnership between the OCE and Sustainable Jersey initiative. This will be accomplished through a grant with Rutgers and College of New Jersey that have housed and developed the Sustainable Jersey initiative. This initiative, coordinated with the League's *Mayors' Committee for a Green Future*, provides a certification program for municipalities in New Jersey that want to "go green," control costs, save money, and take steps to sustain their quality of life. Sustainable Jersey provides comprehensive "how to" guidance and resources that enable municipalities to complete actions to become a Sustainable Jersey Certified Community. A major component of this process is clean energy for the municipality, its residents and its businesses. This process, Sustainable Jersey, provides the Board and New Jersey's Clean Energy Program with a unique opportunity to multiply our outreach and education efforts. The OCE is developing a contract between the OCE and Sustainable Jersey for consideration by the Board. The budgets discussed further below allocate $400,000 of the Community Partners Initiative budget to the OCE to cover expenses associated with its anticipated partnership with Sustainable Jersey.

In order to support municipalities as they strive to become "greener," the Community Partners Initiative will offer a complete package of financial incentives and extensive community support to help stimulate awareness, engagement, and action by the municipal government as well as individual and commercial property owners. To encourage participation in the existing energy efficiency and renewable energy programs, the Community Partners Initiative will offer incentives directly to municipalities when they achieve specific performance in selected Clean Energy programs. In order to provide as broad coverage as possible, municipal incentives will be capped based on population as set out in the table below:

Population		Incentive Cap
From	To	
100,000	and up	$ 4,500.00
50,000	99,999	$ 4,000.00
25,000	49,999	$ 3,500.00
10,000	24,999	$ 3,000.00
0	9,999	$ 2,500.00

In addition to the financial incentives, the Community Partners Initiative will provide outreach and support to municipalities. This outreach will facilitate communications, educational programs, and other methods to drive engagement with Sustainable Jersey and participation in all of the relevant Clean Energy programs. Additional details regarding this initiative are included in Honeywell's revised compliance filing.

Honeywell's Revised Energy Efficiency Budget
Honeywell submitted revised detailed budgets in its filing. The additional incentives proposed above require an increased budget for the HPwES program. Honeywell has reviewed its detailed budgets and reallocated funds to the HPwES program.

The following table shows Honeywell's proposed revisions to its detailed 2009 energy efficiency budget:

Honeywell Proposed 2009 Residential Efficiency Budget

Program	Total	Administration, IT and Program Development	Sales & Marketing	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections and Other Quality Control	Performance Incentives	Evaluation and Related Research
Residential HVAC - Electric & Gas	$13,532,500.80	$1,459,554.00	$0.00	$418,942.20	$9,251,026.49	$2,050,643.16	$52,334.95	$300,000.00
Residential New Construction	$42,576,218.09	$1,290,633.20	$0.00	$79,722.00	$37,047,573.06	$4,005,954.88	$52,334.95	$100,000.00
ENERGY STAR Products	$25,315,444.47	$1,536,702.84	$0.00	$0.00	$22,756,784.68	$869,622.00	$52,334.95	$100,000.00
Home Performance with Energy Star	$23,652,926.69	$1,156,221.08	$0.00	$462,535.70	$20,583,844.85	$1,297,990.10	$52,334.95	$100,000.00
Community Initiative	$847,612.00	$447,612.00	$0.00	$0.00	$400,000.00	$0.00	$0.00	$0.00
Sales and Marketing	$4,580,830.00	$0.00	$4,580,830.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sub Total Residential EE Programs	$110,505,532.04	$5,890,723.12	$4,580,830.00	$961,199.90	$90,039,229.08	$8,224,210.14	$209,339.80	$600,000.00

Honeywell-Renewable Energy
The revised renewable energy program filing includes the proposed addition of a new Renewable Energy Incentive Program (REIP) program component to add incentives for the purchase of renewable energy equipment manufactured in New Jersey as recommended in the EMP.

NJ Renewable Energy Manufacturer's Incentive
The New Jersey Renewable Energy Manufacturing Incentive (NJ REMI) is designed to support the growth of renewable energy products manufactured in New Jersey. The proposed incentive will be offered as part of REIP.

The proposed incentive supports the EMP and the Governor's Economic Growth Strategy, which together propose aggressive policies to establish a clean energy industry in New Jersey. Despite the innovative policies that have made New Jersey one of the largest renewable energy markets in the country, there are currently only two solar panel manufacturers and several renewable energy component and product manufacturers operating in the state.

One of the major goals of the EMP is to "[i]nvest in innovative clean energy technologies, businesses and workforce to stimulate the growth in the clean energy industry in New Jersey." EMP at 14. The EMP defines a range of tools to support commercialization of clean energy technologies including R&D support, gap funding, equity investments, and generating market demand.

The NJ REMI is a proposed incentive to consumers who purchase solar panels, mounting hardware and inverters manufactured in New Jersey. The rebate for panels starts at 25 cents per watt. The rebate for inverters starts at 15 cents per watt. This incentive will be available for projects up to 500 kW. The incentive will be funded from the REIP budget, with commitments not to exceed $1 million in 2009. Specific rebate levels are set out in Honeywell's revised compliance filing.

The NJ REMI incentive is intended as a supplement to the existing portfolio of manufacturing programs offered by the New Jersey Economic Development Authority (EDA) through the NJCEP. This incentive is intended to both recruit manufacturers to New Jersey and to help those businesses who have located here to be successful in the local market.

Other Changes Proposed by Honeywell
Additionally, Honeywell proposed changes to its budgets to reconcile its detailed budgets with the new revised budgets that incorporate the carry over. The following table shows the proposed revisions to Honeywell's detailed 2009 renewable energy budget:

Honeywell Proposed 2009 Renewable Energy Budget

Renewable Energy Programs	Total	Administration, IT and Program Development	Sales And Marketing	Training	Rebates, Grants, and Other Direct Incentives	Rebate Processing, Inspections and Other Quality Control	Performance Incentives
Renewable Energy Incentive Program	$46,797,167.00	$1,478,247.00	$0.00	$248,745.00	$42,524,000.00	$2,441,264.00	$104,911.00
CORE Program (Rebates Only)	$141,743,047.76	$0.00	$0.00	$0.00	$141,743,047.76	$0.00	$0.00
Clean Power Choice Program	$327,501.00	$292,467.00	$0.00	$0.00	$0.00	$35,034.00	$0.00
EDA Programs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sales and Marketing	$680,319.00	$0.00	$680,319.00	$0.00	$0.00	$0.00	$0.00
Sub Total Renewable	$189,548,034.76	$1,770,714.00	$680,319.00	$248,745.00	$184,267,047.76	$2,476,298.00	$104,911.00

TRC
By letter dated May 11, 2009, TRC submitted proposed revisions to its compliance filing as approved by the Board in the 2009 Budget Order. TRC revised its detailed budgets to align them with the proposed revised 2009 budgets. In addition, TRC proposed several modifications to its detailed budgets to more closely parallel anticipated expenses. TRC also proposed modifications to the Local Government Energy Audit and Pay-for-Performance programs. The following is a summary of the modifications proposed by TRC:

Local Government Energy Audit Program
TRC commenced delivery of the Local Government Energy Audit program (LGEA) program in November 2008. The initial response to the program has been positive with TRC receiving applications from 147 entities in the first four months.

TRC proposed several changes to the LGEA program including increasing the maximum incentive available to any single entity, increasing the budget, and expanding eligibility to include New Jersey State colleges and universities.

The current maximum incentive for the LGEA program is $100,000 per year for each municipal or local government entity. Since TRC began processing applications for this program, the cap has prevented several entities from having all of their buildings audited. For example, the City of Newark has submitted an application to have an energy audit performed on some its buildings, but $100,000 is not sufficient to cover the cost of having an energy audit performed on all of its school and municipal buildings. Entities that are trying to identify their energy issues and make improvements are also struggling with budgetary issues and an eroding tax base.

Based on the above, TRC has proposed that the $100,000 cap on incentives be increased to $300,000. TRC further proposes that the cap follow a tiered structure that depends on the number of square feet of building space to be audited. This tiered structure is as follows:

Tier	Incentive Cap
a. For all applicants up to 750,000 square feet	$100,000
b. 750,0001 – 1,500,000 square feet	$150,000
c. 1,500,001 – 2,000,000 square feet	$200,000
d. 2,000,001 square feet and above	$300,000

The LGEA program is currently restricted to public buildings owned by municipal or government entities. TRC has proposed expanding program eligibility to include State colleges and universities.

Pay-for-Performance

As noted above, the OCE has held numerous discussions in the RE and EE committee meetings with the utilities, the Market Managers and other interested parties, with opportunity to comment, regarding federal and State efforts to stimulate the economy through additional participation in energy efficiency and renewable energy programs. Further, the EMP recommends a whole building approach to achieve the aggressive energy efficiency goals set out in the Plan. Finally, the OCE discussed encouraging program participation in 2009, because the NJCEP energy efficiency program budgets were under spent in 2008.

As such, the OCE recommended that TRC consider increasing the incentives available to customers that participate in the Pay-for-Performance program. TRC proposed the following changes to the Pay-for-Performance program. These changes are for projects that have an initial application approved by December 31, 2009.

Existing program incentives for electric measures range from $0.18/kWh to $0.22 /kWh based on savings. An additional incentive of $0.18/kWh would be made available to the customer classes discussed below. For natural gas measures the program existing incentives range from $1.80 - $2.50/therm. An additional incentive of $1.80/therm would be offered.

Additional incentives would be available only to the following types of customers: nonprofit hospitals, non-profits, state colleges and universities, governmental entities not eligible for federal Energy Efficiency and Conservation Block Grants (EECBG), and affordable multi-family customers ("affordable" is defined as low income, subsidized, HUD, etc.).

The program currently has a cap of $1 million per meter, plus an additional $1 million for CHP measures. The incentive cap would be increased to $2 million per meter for the customer groups set out above. TRC proposes to eliminate the 200 kW eligibility requirement for the customer groups set out above so that smaller entities in this customer class can take advantage of a whole building approach to energy efficiency.

Existing program rules provide that incentives cannot exceed 50% of the total project cost. The cap would be increased to 80% of the total project cost for the customer groups set out above.

Other Changes Proposed by TRC
Additionally, TRC has proposed several clarifications to its compliance filing and included language related to incentives for technical assistance which were inadvertently omitted from its initial filing.

TRC Proposed Budget
TRC proposed several changes to its detailed budget to reflect the additional carry over and updated estimates of program participation levels and expenses. TRC proposes to transfer $6 million from the 2009 CHP program budget to the 2009 LGEA program budget. As stated above, the initial response to the LGEA program has been positive and TRC's request is intended to ensure that sufficient funds are available to meet the higher than anticipated participation levels. TRC proposed the transferring the CHP program budget to provide the additional funding for the LGEA program. Since the Board's May 5, 2009 Order in Docket Number EO08040236, the funding previously reserved for some of the CHP projects is no longer required and is available for other purposes.

The following table shows TRC's detailed budgets for the C&I programs approved by the Board in the 2009 Budget Order:

TRC Initial 2009 C&I Budget

Program	Total Budget	Admin.and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	Evaluation & Related Research
(All numbers 000's)								
COMMERCIAL & INDUSTRIAL EE								
C&I New Construction (includes P4P NC)	*$9,999*	*$323*		*$692*	*$8,475*	*$442*	*$67*	*$0*
C&I Retrofit	*$19,864*	*$823*		*$723*	*$16,315*	*$1,890*	*$113*	*$0*
CHP (prior years commitments only)	*$15,992*	*$37*		*$0*	*$15,914*	*$41*	*$0*	*$0*
New School Construction &	*$6,747*	*$294*		*$572*	*$5,104*	*$717*	*$60*	*$0*
Local Government Energy	$4,998	$55		$0	$4,098	$834	$11	$0
Direct Install	$10,189	$343		$10	$9,548	$225	$63	$0
Pay for Performance (includes CHP component)	$23,252	$340		$747	$21,903	$199	$63	$0
TEACH	$600	$48		$348	$162	$0	$0	$42
Marketing	$1,555		$1,555					
2009 Clean Energy Conference and Awards	$1,046		$1,046					
TOTAL C&I Programs	**$94,242**	**$2,263**	**$2,601**	**$3,092**	**$81,519**	**$4,348**	**$377**	**$42**

The following table shows the revised 2009 C&I budgets proposed by TRC:

TRC Proposed 2009 C&I Budget

Program	2009 Approved Budget	Admin.and Program Development	Sales, Marketing, Call Centers, Web Site	Training and Technical Support	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other Quality Control	Performance Incentives	Evaluation & Related Research
C&I New Construction (includes P4P NC)	$10,691,720.49	$323,000.00		$733,500.00	$8,924,552.53	$576,667.96	$134,000.00	$0.00
C&I Retrofit	$22,020,298.02	$823,000.00		$723,000.00	$18,191,283.52	$2,057,014.50	$226,000.00	$0.00
CHP (prior years commitments only)	$11,784,675.15	$0.00		$0.00	$11,743,720.54	$40,954.61	$0.00	$0.00
New School Construction & Retrofit	$7,103,223.98	$294,000.00		$572,000.00	$5,366,687.18	$750,536.80	$120,000.00	$0.00
Local Government Energy Audit	$13,276,120.00	$55,000.00		$0.00	$10,279,120.00	$2,920,000.00	$22,000.00	$0.00
Direct Install	$10,295,999.00	$343,000.00		$10,000.00	$9,591,999.00	$225,000.00	$126,000.00	$0.00
Pay for Performance (includes CHP	$23,245,128.08	$340,000.00		$814,000.00	$21,766,128.08	$199,000.00	$126,000.00	$0.00
TEACH	$795,600.00	$48,000.00		$532,416.00	$159,784.00	$0.00	$0.00	$55,400.00
Marketing	$1,555,000.00		$1,555,000.00					
2009 Clean Energy Conference and Awards	$1,046,000.40		$1,046,000.40					
TOTAL C&I Programs	$101,813,765.12	$2,226,000.00	$2,601,000.40	$3,384,916.00	$86,023,274.85	$6,769,173.87	$754,000.00	$55,400.00

Utilities

By email dated June 5, 2009 and letter dated June 10, 2009, the utilities submitted proposed revisions to the budget for the Comfort Partners budget to reflect revised carry over which reduced the overall budget from approximately $36.6 million to $36.3 million. The utilities are also proposing to expand the list of eligible measures to include non-energy related repairs that are required to install energy savings measures. For example, if a home with a leaky roof requires attic insulation, the measure cannot be installed until the leak in the roof is repaired. The utilities are proposing to utilize Comfort Partners funding for home repairs that are related to and necessary in order to install energy savings measures.

Such repairs would not produce direct energy savings. Therefore, the utilities have proposed that costs associated with home repairs, such as repairing a roof, be excluded from the cost effectiveness test used to determine the eligibility of measures.

The following table shows the revised budget for the Comfort Partners program proposed by the utilities.

2009 Comfort Partners Budget:

Utility	Total	Admin & Prog Development	Sales, marketing, call center, website	Training	Rebates, other direct incentives	Rebate Processing, inspections & QA	Evaluation & Research	Contractor Performance Incentives
ACE	$1,590,400.00	$156,000.00	$10,800.00	$12,000.00	$1,324,700.00	$80,400.00	$2,500.00	$4,000.00
JCP&L	$4,452,400.00	$419,400.00	$162,000.00	$50,000.00	$3,300,000.00	$475,000.00	$30,000.00	$16,000.00
PSE&G- Electric	$10,637,098.00	$386,581.00	$166,299.00	$37,177.00	$9,454,276.00	$552,765.00	$20,000.00	$20,000.00
RECO	$0.00	$0.00			$0.00	$0.00		
NJNG	$3,391,899.00	$200,005.00	$111,763.00	$29,500.00	$2,944,631.00	$95,000.00	$6,000.00	$5,000.00
Elizabethtown	$2,356,000.00	$160,000.00	$30,000.00	$25,000.00	$2,000,000.00	$135,000.00	$2,400.00	$3,600.00
PSE&G-Gas	$7,099,733.00	$257,721.00	$110,866.00	$24,785.00	$6,302,851.00	$368,510.00	$20,000.00	$15,000.00
SJG	$1,690,314.00	$213,000.00	$34,600.00	$6,000.00	$1,363,314.00	$67,000.00	$2,400.00	$4,000.00
Pilot Grant	$5,091,920.38	$0.00			$5,091,920.38			
TOTAL	$36,309,764.38	$1,792,707.00	$626,328.00	$184,462.00	$31,781,692.38	$1,773,675.00	$83,300.00	$67,600.00

The utilities have not proposed any changes to the Clean Power Choice budget approved by the Board in the 2009 Budget Order.

In addition, Staff recently became aware that Rockland Electric Company ("RECO") discontinued delivery of the Comfort Partners program in its service territory without Board approval to do so. By letter dated February 20, 2009, RECO proposed a number of new energy efficiency initiatives as part of an energy efficiency stimulus program. RECO has pending before the Board a proposal for an alternative program aimed at low-income customers in its service territory. Staff anticipates that the Board will consider RECO's proposal for an alternative to the Comfort Partners program as part of its consideration of the utility's economic stimulus filings. Staff believes it was inappropriate and in violation of Board's policy for RECO to discontinue its Board-approved Comfort Partners program without explicit Board approval to do so and before the Board acted on its revised proposal.

Staff desires consistent programs and incentives across the State and will take this objective into consideration in developing recommendations related to RECO's proposed low-income program. Staff will provide further recommendations in the context of the utility economic stimulus filings regarding whether RECO should be required to continue delivery of the Comfort Partners program or be allowed to utilize the alternative program it has proposed.

OCE

The OCE proposed numerous changes to the OCE Oversight budget. The budget table in the revised budget section of this Order below shows the additional carry over from 2008. The additional carry over is not required to meet the anticipated 2009 budgets. For example, the 2009 budget for OCE staff and overhead is $2.423 million. The 2008 budget true up shows an additional $1.077 million in carry over for this budget line. However, the initial budget of $2.423 million is sufficient to cover anticipated 2009 expenses and therefore the additional carry over is available for allocation to other programs. This is true for most of the budget categories and therefore Staff proposes to reallocate any additional carry over in the OCE Oversight budget to the energy efficiency programs to pay for the program changes discussed above.

With regard to the Marketing and Communications component of the OCE Oversight budget, the 2009 budget Order noted that "The marketing and communications budget includes funds for maintaining the web site, expenses related to previously approved Outreach and Education Grants and for expenses related to 2008 marketing activities that will be paid in 2009". The budgets for these budget categories were revised to provide sufficient funds to pay previous incurred costs.

Special Studies

Both the initial 2009 EE budget approved by the Board in the 2009 Budget Order and the proposed EE budgets set out in this Order included $1,055,311.50 for Special Studies allocated to the OCE as the program manager. In the 2009 Budget Order this funding was reserved for potential special projects. None of the funding has been committed to date.

Staff has developed a proposed solicitation for consideration by the Board to award grants to assist in expanding the training functions of established green job training facilities in New Jersey operated by non-profit organizations. The proposed "green jobs grant program" will be considered by the Board in a separate matter before the Board. In this Order, Staff is requesting that the Special Studies budget of $1,055,311.50 be reserved for the proposed green jobs grant program subject to approval by the Board.

Offshore Wind

The Board previously funded an off-shore wind Ecological Baseline Study that was recommended by the Blue Ribbon Panel on Development of Wind Turbine Facilities in Coastal Waters prepared for the New Jersey Department of Environmental Protection ("DEP"). By letter dated May 22, 2009, from Geo-Marine Incorporated, the firm that performed the initial Ecological Baseline Study, to DEP, Geo-Marine submitted a proposal to extend the data collection for an additional five month period, as requested by DEP.

Development of off-shore wind projects is a key recommendation of the EMP and the proposed study will assist in facilitating the approvals required for the development of off-shore wind facilities. Therefore, Staff recommends that the Board allocate $2.1 million to the DEP Ecological Baseline Study budget line for the cost of the extended study. Staff recommends that the full amount of the funding be transferred from the CORE program budget which is no longer required to cover previous commitments due to project cancellations.

Other than the revised budgets shown below, Staff is not proposing any modifications to its compliance filing that was approved by the Board in the 2009 Budget Order.

Summary of Comments

Proposed revisions to the programs were discussed at the March 10 and April 21, 2009 meetings of the EE and RE Committees and written comments on the proposed modifications were requested. Board Staff also held a public stakeholder meeting on May 20, 2009 to solicit comments on the proposed changes to the programs. The following summarizes the comments received:

Comments on the proposed changes to the energy efficiency programs were received from The Department of the Public Advocate, Division of Rate Counsel (Rate Counsel), Energy Solve Companies, Eastern Energy Services, Inc., the City of Newark, Freedom Solar Energy, and the E Cubed Company, LLC. Rate Counsel submitted initial comments dated May 5, 2009 and supplemental comments dated June 1, 2009. The comments and responses discussed below are organized by program.

Home Performance with Energy Star (HPwES)

The HPwES program's Tier 3 incentives initially included three sub-tiers of incentives: non-income eligible with savings less than 25%, non-income eligible with savings greater than 25%, and income eligible. Honeywell has proposed to increase the incentives in the later two sub-tiers.

In its initial comments, Rate Counsel stated its belief that the proposal to increase incentives in two of the three sub-tiers in Tier 3, but not the other, worsens the disparities in benefits available among potential participants, and fails to address the need to motivate more savings by customers in the sub tier that would be left unchanged. To mitigate the perceived disparity, Rate Counsel proposed to double the incentives for the non-income eligible with savings less than 25% tier, and to eliminate the proposed increase for the income eligible tier.

In its supplemental comments Rate Counsel reiterated the importance of improving the attractiveness of Tier 3 measures for participants whose total project energy savings might not attain the 25% energy savings threshold now required for program benefits. Rate Counsel noted that it is not aware of any programs outside of New Jersey which embody a sharply reduced incentive for energy savings less than 25%.

Mr. Jim Price of Freedom Solar Energy raised certain concerns regarding the proposed HPwES program financing incentives at the May 20th meeting. Specifically, Mr. Price offered some feedback regarding the pending utility plans to offer zero percent loans for the non-rebated balance of Tier 3 Home Performance with ENERGY STAR participant costs. Mr. Price expressed concern about customer confusion regarding multiple loans that may be required to complete Tier 3 work.

Response to comments on HPwES:
Staff agrees, in part, with Rate Counsel's comments that steps should be taken to eliminate the disparities between the three incentive tiers. However, Staff disagrees with Rate Counsel's proposal for the following reasons.

The Energy Master Plan (EMP) will require deep significant savings in existing homes to achieve its stated energy savings goals. The HPwES program is currently one of the main tools for achieving this goal in existing homes. Therefore, Staff believes the program should strongly encourage customers that participate in the program to do more than the minimum and to encourage deep savings, i.e. greater than 25%. Based on discussions at the May 20th stakeholder meeting, Staff is confident many homes have the potential to achieve savings greater than 25%.

To reduce the perceived disparities noted by Rate Counsel and to increase the incentives for income eligible customers to achieve greater savings, Staff considered the following changes to Honeywell's compliance filing. Honeywell's proposed incentives for the two non-income eligible tiers should be approved as proposed in its initial filing. However, the single income eligible tier should be split into two tiers to better align with the non-income eligible tiers, that is, income eligible with savings less than 25% and income eligible with savings greater than 25%. Staff proposes that the incentives for the proposed income eligible tier with savings less than 25% remain at the current levels and that the incentives for the income eligible with savings greater than 25% tier be set at the levels proposed by Honeywell. Honeywell's revised filing, discussed above, incorporates these proposed changes.

With regard to the feedback provided by Mr. Price of Freedom Solar Energy, the Market Manager is meeting with Utilities and HMFA to discuss the proposed loan program to understand when customers will be approved for Tier 3 work and if it would be possible to include measure delivery contractor payments at the time of job completion. This would allow contractors to be paid in a timely manner and eliminate the need for customers to secure a bridge loan to pay contractors until the rebates are paid and loan processing is completed. The Market Manager welcomes the opportunity to work with Mr. Price and any other interested HPwES contractors to address this issue in consultation with the utilities and HMFA.

Residential New Construction (RNC)
Rate Counsel notes that a long-term objective of the RNC program has been to reduce incentives in order to make this program more market based. Rate Counsel stated that it is concerned that the proposed doubling of incentives upends hopes of ever transitioning to a more market based program in the foreseeable future. Rate Counsel states that while it would prefer to stay the course with this program as presently structured, if other parties see the need for some change, it suggests increasing incentives by no more than 50%.

Response to comments on RNC:
The RNC program has three incentive tiers. Rate Counsel's comments are in response to an April 9 memorandum provided to stakeholders that proposed doubling the incentives for all three RNC incentive tiers. However, due to budget constraints, Honeywell was unable to accommodate both the proposed changes to the HPwES and RNC programs. Based on discussions with Staff, the proposed changes to the HPwES program were given a higher priority and the revised compliance filing submitted by Honeywell proposed to leave the incentives for the first two tiers of the RNC program at current level and proposed to only

increase the third tier which if for the very high efficiency "micro-load homes." Rate Counsel noted in its supplemental comments that the changes included in Honeywell's draft May 15, 2009 filing are largely consistent with its recommendations.

Staff concurs with Rate Counsel regarding the first two tiers and the filing submitted by Honeywell is consistent with Rate Counsel's recommendation. Staff supports Honeywell's proposal to increase the incentives for micro-load homes which is a key component of achieving the goals set out in the EMP.

Community Partners Initiative
The City of Newark stated that localities can help the Market Managers engage relevant sectors in the State's energy efficiency and renewable energy programs. Increasing coordination between Market managers and localities will also serve to support local economic development initiatives. Newark provided specific recommendations on ways to increase coordination between the program and localities.

Response to comments on the Community Partners Initiative:
Staff agrees with Newark that municipalities can help engage residents and businesses in NJCEP programs. The Community Partners Initiative is a new program that has just recently commenced implementation. Many of the suggestions made by Newark are already included as a component of the program, such as coordinating with *Sustainable Jersey.* However, Staff and Honeywell are still finalizing details related to delivery of this program. As a result, many of the proposed activities have not been offered to municipalities yet but are expected to commence shortly.

Newark also submitted comments related to the Energy Efficient Product program that stated that program distribution activities should leverage that connection into an opportunity to market programs. Staff concurs and notes that marketing other programs is a component of the existing program. Staff will coordinate with Honeywell and the City of Newark to explore additional opportunities to promote other programs and to deliver the Community Partners Initiative.

Finally, Newark submitted comments general to all of the programs that stated that there is little to no discussion of the role of localities in engaging residential, commercial and industrial sectors in energy efficiency and that the programs should consider engaging local governments. Using local governments to help engage customers in NJCEP programs is one of the main objectives of the Community Partners Initiative. Staff will coordinate with Newark and Honeywell to explore opportunities to enhance the role of municipalities in marketing the programs through the Community Partners Initiative.

Pay-for Performance
Rate Counsel stated in its initial comments that the Pay-for-Performance program is generating considerable interest and that TRC is proposing very aggressive changes to a well designed program that has had a promising launch. Rate Counsel recommends that the proposed increases in incentives not be added to the existing incentives. Rate Counsel reiterated its initial comments related to this program in its supplemental comments.

The City of Newark recommended against restricting incentives for communities receiving Energy Efficiency Block Grants (EEBG) funding and listed a number of reasons why it thought doing so would be inappropriate.

Response to comments on Pay-for-Performance:
Rate Counsel's comments imply that that the proposed increase in incentives would be made available to all C&I customers. However, the proposal was to increase the incentives for a small subset of C&I customers only, that being: hospitals, non-profits, universities, affordable multi-family housing and governmental entities not receiving federal Energy Efficiency and Conservation Block Grants.

With regard to the City of Newark's comments, Staff notes that the proposal does not cap or restrict incentives to communities receiving EEBG funding. Communities receiving EEBG funding are eligible for all of the programs' existing incentives. Instead, TRC's proposal is to provide enhanced incentives to certain entities for whom other sources of funding are not available.

The proposed increase in incentives was intended to jump start the market for this class of customers. This increase would have the benefit of supporting the State and federal efforts to stimulate job creation and preservation. Staff supports the proposal to increase the incentives for this small subset of C&I customers.

Local Government Energy Audit (LGEA)
The City of Newark supported the proposal to increase the cap on incentives for the LGEA program from \$100,000 to \$300,000. The City of Newark also recommended expanding the program to provide training and technical support.

Response to comments on LGEA:
Staff concurs with the proposal to increase the LGEA cap to \$300,000. Staff believes the recommendation to expand the program to include training and technical support warrants further consideration. Staff will explore this proposal further in the context of developing 2010 programs and budgets. Staff welcomes additional input from Newark going forward.

C&I Retrofit
Energy Solve proposed doubling the C&I retrofit program prescriptive lighting rebates levels for the replacement of inefficient lighting fixtures with new T-5 or T-8 fixtures and to add a new incentive for recessed and surface mounted compact fluorescent bulbs, which is a new technology. Energy Solve argued that both measures are cost effective and would lead to the installation of additional high efficiency lighting fixtures. Eastern Energy Services concurred with the changes recommended by Energy Solve. The E Cubed Company questioned whether there was a need to align the proposed incentives with those included in the Direct Install program. Energy Solve's proposal was discussed further at the May 20th meeting.

Response to comments on C&I Retrofit:
Staff considered Energy Solve's proposal further with TRC. With regard to the proposal to double the rebates for the replacement of inefficient lighting fixtures with new T-5 or T-8 fixtures, TRC reported to Staff that based on the number of applications received, current incentives appear sufficient to stimulate activity in this marketplace. Also, existing incentives are comparable to incentives offered for this technology by other entities in the region. TRC also noted that based on activity through the first quarter of the year, the program is on track to fully expend the Board-approved 2009 C&I Retrofit program budget. Furthermore, as noted above, the EMP and Board policy encourage customers to implement comprehensive energy efficiency projects. Increasing the incentive for this lighting technology would work against that incentive by increasing the incentive for lighting only projects. Therefore, Staff recommends that incentives for the replacement of inefficient lighting fixtures with new T-5 or T-8 fixtures remain at current levels.

With regard to the proposal to add a new incentive for recessed and surface mounted compact fluorescent bulbs, Staff concurs that this new technology should be added to list of measures eligible for prescriptive lighting rebates. However, Staff believes that the rebate levels proposed by Energy Solve should be reduced.

Energy Solve proposed a rebate of $15 per parabolic (PAR) 38 watt CFL lamp with an aluminum reflector and $14 per PAR 30 watt CFL lamp with an aluminum reflector. At the May 20th meeting Energy Solve provided support for the proposed incentive level which indicated that the total installed cost including sales costs was approximately $20 per bulb and proposed to set the rebate at 75% of the total, all in cost. Subsequent to the May 20th meeting, TRC reported to Staff that its research showed that the cost of these fixtures was approximately $9 and the rebates typically are based on the cost of the fixture only. TRC proposed a rebate of $7 per CFL lamp with an aluminum reflector. Staff agrees with TRC's recommendation.

The E Cubed Company questioned whether there was a need to align the proposed incentives with those included in the Direct Install program which provides incentives equal to 80% of the cost of the measure. As noted above, a goal of the EMP and the Board is to encourage customers to consider comprehensive energy efficiency projects. The Direct Install program is intended to be comprehensive in nature. Staff does not believe there is a need to align incentives between programs and, in fact, supports higher incentives for programs aimed at encouraging comprehensive energy efficiency projects.

NJ Renewable Energy Manufacturing Incentive (NJ REMI)
Comments on the NJ REMI proposal were received from: EPV Solar; Trinity Solar on behalf of the Solar Alliance; Mr. George Hay; Advanced Solar Products; Petra Solar; Mr. John Besold; PowerHouse energy; the Mid-Atlantic Solar Energy Industry Association (MSEIA); and NJ EDA. The following summarizes the comments received:

Trinity Solar, on behalf of the Solar Alliance, stated its belief that manufacturing incentives should not be rebates, which reward select companies, limit competition, result in higher prices to customers and ratepayers, and provide little long-term benefit. Incentives should be aimed at the upfront cost of setting up manufacturing facilities. Examples of programs in other states show that project rebates are not effective. The Solar Alliance recommended that the OCE review what other states are doing, and analyze costs and benefits.

Mr. George Hay recommended a NJ solar resource development authority that could solicit bids for large volume purchases for projects serving public entities and requiring in-state manufacturing for public entities. Alternatively, the BPU can create incentives for utilities to serve municipalities and counties in NJ with strategies that provide economic and system reliability benefits to rate payers, economy and energy independence of NJ and the environment.

Advanced Solar Products recommended that the program should include mounting systems in the incentive structure on similar footing as inverters, since cost contribution to total system cost is comparable. Advanced Solar Products noted it is considering siting a manufacturing facility in NJ.

Petra Solar stated its belief that the manufacturer's facility and products should be recognized and certified by a Nationally Recognized Testing Laboratory (NRTL) such as UL or CSA. AC modules should qualify for all of the above even if the PV module is not manufactured in state, since AC modules entail much more engineering and manufacturing work compared to combining independent items in the field. Petra Solar recommended the following incentive levels: Solar modules: $0.25; Inverters: $0.15; Communication systems: $0.05; Mounting Rack systems: $0.05; and, Cabling: $0.025 (per kW). Petra Solar recommended that the proposed budget be raised above $1 M if demand exists in 2009.

EPV noted it will not sole source or provide discounts to installers and that the proposed incentives will help create green collar manufacturing jobs.

Mr. John Besold stated that the program should be opened equally to all renewables, wind, small hydro, biomass, etc., and incentives be built around job creation in manufacturing. Mr. Besold also recommended: encourage a tie in to workforce training with the Community Colleges and R&D with 4 year institutions; provide seed money to help make parts in NJ that currently must be purchased out of state; aggregate incentives and appoint a single State liaison for a manufacturer to help navigate all the agencies and programs; off grid applications should also be incentivized if using a NJ manufactured product.

PowerHouse Energy recommended: require that applying company show that the technology meets the Class 1 renewable qualifications. All incentives should be based on permanent jobs in NJ; move or start company manufacturing in NJ - $250,000 grant & up to $1,000,000 no interest loan; each manufacturing job located in NJ in first 5 years - $5,000 grant and $15,000 no interest loan per person with a cap of $1,000,000 grant and $3,000,000 loan; funding for product R&D in connection with a NJ college or university - 50% match funding by application; help with finding a suitable site; and, offer incentive on a first come, first served basis.

MSEIA recommended: increase 2009 incentive cap from $1 million to $4 million in order to demonstrate that the incentive is seriously considered as a mechanism to increase green jobs, to ensure that more than one company will be able to take advantage of it, and to present a more substantial adjunct program that positively reinforces the NJEDA Edison Clean Energy Manufacturing Fund; expand the definition of a renewable energy product and the REMI applicable products to include Balance of Systems (mounting systems, inverters, and other ancillary equipment). MSEIA also stated its belief that programs in other states cannot be effectively compared to NJ and that arguments against the incentive are not valid.

The New Jersey Economic Development Authority (EDA) stated it is supportive of the proposed NJ Renewable Energy Manufacturing Incentive (NJREMI). EDA recommended expanding the NJ REMI to incorporate all Class I renewable energy technologies as an additional stimulus for economic development, enabling local product innovation across the wide spectrum of Class I RE technologies and stimulating green job creation.

Response to comments on NJ REMI:
The Solar Alliance stated its belief that manufacturing incentives should not be rebates, which reward select companies, limit competition, result in higher prices to customers and ratepayers, and provide little long-term benefit. Incentives should be aimed at the upfront cost of setting up manufacturing facilities. Others, including Petra Solar, EPV, MSEIA and EDA supported the NJ REMI proposal. EDA recommended expanding the NJ REMI to incorporate all Class I renewable energy technologies as an additional stimulus for economic development, enabling local product innovation across the wide spectrum of Class I RE technologies and stimulating green job creation.

OCE staff concurs with EDA and others that an additional incentive for renewable energy systems manufactured in NJ will assist in attracting manufacturing jobs to NJ. The proposed incentive will supplement other incentives provided by EDA and through the NJCEP. That is, they are intended as an additional incentive over and above other incentives offered through the NJCEP or provided by EDA for attracting businesses to New Jersey.

Advanced Solar Products, Mr. Besold, Petra Solar, MSEIA and EDA recommended that the incentives be expanded to include other components of solar systems such as mounting systems and other renewable energy technologies such as wind and biomass. While staff supports in concept expanding manufacturer incentives to other components and other renewable energy technologies, staff believes additional research is required before it proposes to expand the menu of eligible system components and technologies. NJ has built a vibrant solar marketplace that has resulted in the installation of hundreds of solar systems each year. Staff believes the Board should approve a manufacturing incentive now to attempt to attract solar manufacturers to the State. If approved, Staff recommends monitoring the results of the proposed solar manufacturer incentive and considering the expansion to other technologies as demand for other technologies develops and the expansion to other solar system components based on the effectiveness of the proposed incentives.

Renewable Energy Incentive Program (REIP)
The City of Newark recommended that funding to leverage local governments' ability to scale up renewable energy in its comments. Newark also recommended consideration of funding for renewable energy feasibility analyses for public entities.

Response to comments on REIP:
The LGEA program requires energy auditors to assess renewable energy systems as well as energy efficiency measures. Staff will coordinate with TRC and Newark to determine if this is sufficient to meet the needs of local governments considering renewable energy or if additional incentives should be considered in the context of the development of 2010 programs and budgets.

OCE Recommendations
The OCE has reviewed the changes proposed by Honeywell, TRC and the Utilities as well as the comments received. The OCE notes that the changes proposed by Honeywell and TRC were discussed at the March and April meetings of the EE and RE Committees and, as noted above, many of the suggested changes were incorporated into the filings. An additional meeting was held on May 20, where some of the comments were discussed. Staff held additional discussions with Honeywell and TRC subsequent to the May 20th meeting. Those discussions and Staff's recommendations were incorporated into the revised filings submitted by Honeywell on May 29, 2009 and TRC on May 28, 2009. Furthermore, Staff supports the changes recommended by the utilities including the proposal to exclude costs related to home repairs from the cost benefit analysis utilized to determine measure eligibility since these repairs are necessary in order to install the energy savings measures but not contribute directly to energy savings.

TRC proposed increasing the incentives for certain customers that participate in the Pay-for-Performance program including governmental entities not eligible for federal block grants. Staff now recommends that a final decision regarding eligibility of governmental entities for the proposed increased Pay-for-Performance program incentives await final guidelines from the USDOE on block grant eligibility.

With that exception, the OCE believes that the changes proposed by Honeywell, TRC, and the utilities are reasonable and will support the Board's objective of stimulating additional program participation and the resultant job creation. Therefore, the OCE recommends approval of the revised compliance filings.

Revised Program Budgets

The tables included in this Order above showed the revised budgets for energy efficiency, renewable energy and OCE Oversight. The following tables break down these budgets into program specific budgets within each budget category:

The following table shows the proposed revised energy efficiency program budgets:

Revised 2009 Energy Efficiency Program Budget

(All numbers = 000's)	Board Approved 2009 Budget	Additional Carry Over	Line Item Transfer	Revised 2009 Budget
Programs	(a)	(b)	(c)	(d) = (a) + (b) + (c)
Residential EE Programs				
Residential HVAC - Electric & Gas	$17,327,515.20	$1,156,670.87	($4,951,685.27)	$13,532,500.80
Residential New Construction	$44,459,826.30	$60,834.21	($1,944,442.42)	$42,576,218.09
Energy Efficient Products	$23,529,382.93	$2,716,216.64	($930,155.10)	$25,315,444.47
Home Performance with Energy Star	$12,571,300.00	($433,359.55)	$11,514,986.24	$23,652,926.69
Community Based Efficiency Initiative	$1,247,612.00	$0.00		$1,247,612.00
Residentail Marketing	$5,344,330.00	$0.00	($763,500.00)	$4,580,830.00
Sub Total Residential	**$104,479,966.43**	**$3,500,362.17**	**$2,925,203.45**	**$110,905,532.04**
Residential Low Income				
Comfort Partners	$36,600,000.27	($316,768.89)	$26,533.00	$36,309,764.38
DCA Weatherization	$0.00	$26,533.00	($26,533.00)	$0.00
Sub Total Low Income	**$36,600,000.27**	**($290,235.89)**	**$0.00**	**$36,309,764.38**
C&I EE Programs				
Commercial/Industrial Construction				
C&I New Construction	$9,999,000.00	$692,720.49		$10,691,720.49
C&I Retrofit	$19,863,890.00	$2,156,408.02		$22,020,298.02
New School Construction & Retrofit	$6,747,000.00	$356,223.98		$7,103,223.98
CHP	*$15,992,000.00*	$1,792,675.15	($6,000,000.00)	$11,784,675.15
Local Government Audit	$4,998,000.00	$2,278,120.00	$6,000,000.00	$13,276,120.00
Direct Install	$10,189,999.00	$106,000.00		$10,295,999.00
Pay-for-Performance	$23,251,999.00	($12,340.92)	$5,470.00	$23,245,128.08
TEACH	$599,600.00	$196,000.00		$795,600.00
Marketing	$1,555,000.00	$0.00		$1,555,000.00
Business Conference	$1,046,000.40	$0.00		$1,046,000.40
Sub Total C&I	**$94,242,488.40**	**$7,565,806.72**	**$5,470.00**	**$101,813,765.12**
Other EE Programs				
Special Studies	$1,055,311.50	$0.00		$1,055,311.50
Cool Cities	$4,000,000.00	$956,762.98		$4,956,762.98
Utility Program Transition Costs	$0.00	$5,470.24	($5,470.24)	$0.00
Sub Total Other Energy Efficiency Programs	**$5,055,311.50**	**$962,233.22**	**($5,470.24)**	**$6,012,074.48**
Total Energy Efficiency	**$240,377,766.60**	**$11,738,166.22**	**$2,925,203.21**	**$255,041,136.02**

State of NJ Statewide EE Projects	$10,000,000.00	$0.00		$10,000,000.00

The following table shows the portion of the energy efficiency program budgets in the table above allocated to the various program managers:

Proposed 2009 Energy Efficiency Program Budget by Program Manager

	Honeywell	TRC	Utilities	OCE, EDA, Treasury, CST, DEP	Total
Programs					
Residential EE Programs					
Residential HVAC - Electric & Gas	$13,532,500.80				**$13,532,500.80**
Residential New Construction	$42,576,218.09				**$42,576,218.09**
Energy Efficient Products	$25,315,444.47				**$25,315,444.47**
Home Performance with Energy Star	$23,652,926.69				**$23,652,926.69**
Community Based Efficiency Initiative	$847,612.00			$400,000.00	**$1,247,612.00**
Residential Marketing	$4,580,830.00				**$4,580,830.00**
Sub Total Residential	**$110,505,532.04**	**$0.00**	**$0.00**	**$400,000.00**	**$110,905,532.04**
Residential Low Income					
Comfort Partners			$36,309,764.38		**$36,309,764.38**
C&I EE Programs					
Commercial/Industrial Construction					
C&I New Construction		$10,691,720.49			$10,691,720.49
C&I Retrofit		$22,020,298.02			$22,020,298.02
New School Construction & Retrofit		$7,103,223.98			$7,103,223.98
CHP		$11,784,675.15			$11,784,675.15
Local Government Audit		$13,276,120.00			$13,276,120.00
Direct Install		$10,295,999.00			$10,295,999.00
Pay-for-Performance		$23,245,128.08			$23,245,128.08
TEACH		$795,600.00			$795,600.00
C&I Marketing		$1,555,000.00			$1,555,000.00
Business Conference		$1,046,000.40			$1,046,000.40
Sub Total C&I	**$0.00**	**$101,813,765.12**	**$0.00**	**$0.00**	**$101,813,765.12**
Special Studies				$1,055,311.50	**$1,055,311.50**
Cool Cities				$4,956,762.98	**$4,956,762.98**
Sub Total Other Energy Efficiency Programs	**$0.00**	**$0.00**	**$0.00**	**$6,012,074.48**	**$6,012,074.48**
Total Energy Efficiency	**$110,505,532.04**	**$101,813,765.12**	**$0.00**	**$6,412,074.48**	**$255,041,136.02**
State of NJ Statewide EE Projects				$10,000,000.00	**$10,000,000.00**
Total Energy Efficiency with State of NJ EE					**$265,041,136.02**

The following table shows the proposed revised renewable energy program budgets:

Revised 2009 Renewable Energy Program Budget

(All numbers = 000's)	Board Approved 2009 Budget	Additional Carry Over	Line Item Transfers	Revised 2009 Budget
Programs	(a)	(b)	(c)	(d)=(a)+(b)+(c)
Customer On-Site Renewable Energy	$116,096,497.00	$26,025,674.07	($2,479,123.31)	$139,643,047.76
Clean Power Choice	$629,501.00	$52,601.68	($52,601.68)	$629,501.00
RE Certificates/SREC Pilot	$0.00	($427,691.99)	$427,691.99	$0.00
DEP Ecological Baseline Study	$0.00	$0.00	$2,100,000.00	$2,100,000.00
Offshore Wind	$12,000,000.00	$0.00		$12,000,000.00
Renewable Energy Program: Grid Connected (Formerly REDI)	$10,201,605.00	$0.00		$10,201,605.00
Renewable Energy Program: Customer Sited	$47,297,167.00	$0.00		$47,297,167.00
Edison Innovation Clean Energy Fund	$6,000,000.00	$32,000.00	($32,000.00)	$6,000,000.00
RE Marketing	$680,319.00	$0.00		$680,319.00
SUB-TOTAL Renewables	$192,905,089.00	$25,682,583.76	($36,033.00)	$218,551,639.76
EDA PROGRAMS				
RE Project Grants and Financing	$2,598,033.00	$1,487,934.00		$4,085,967.00
Renewable Energy Business Venture Financing/REED	$549,376.00	$988,097.38		$1,537,473.38
Edison Innovation Clean Energy Manufacturing Fund: EE & RE	$23,928,000.00	$35,967.00	$36,033.00	$24,000,000.00
SUB-TOTAL EDA Programs	**$27,075,409.00**	**$2,511,998.38**	**$36,033.00**	**$29,623,440.38**
Total Renewable Energy Programs	**$219,980,498.00**	**$28,194,582.14**	**$0.00**	**$248,175,080.14**

The following table shows the portion of the renewable energy program budgets in the table above allocated to the various program managers:

Proposed 2009 Renewable Energy Program Budget by Program Manager

Renewable Energy Programs				
	Honeywell	**OCE/EDA**	**Utilities**	**Total**
Programs				
Customer On-Site Renewable Energy	$139,643,047.76			**$139,643,047.76**
Clean Power Choice	$327,501.00		$302,000.00	**$629,501.00**
Offshore Wind		$12,000,000.00		**$12,000,000.00**
DEP Ecological Baseline Study		$2,100,000.00		**$2,100,000.00**
Renewable Energy Program: Grid Connected (Formerly REDI)		$10,201,605.00		**$10,201,605.00**
Renewable Energy Program: Customer Sited	$46,797,167.00	$500,000.00		**$47,297,167.00**
Edison Innovation Clean Energy Fund		$6,000,000.00		**$6,000,000.00**
RE Marketing	$680,319.00			**$680,319.00**
SUB-TOTAL Renewables	**$187,448,034.76**	**$30,801,605.00**	**$302,000.00**	**$218,551,639.76**
EDA PROGRAMS				
RE Project Grants and Financing		$4,085,967.00		**$4,085,967.00**
Renewable Energy Business Venture Financing/REED		$1,537,473.38		**$1,537,473.38**
Edison Innovation Clean Energy Manufacturing Fund		$24,000,000.00		**$24,000,000.00**
SUB-TOTAL EDA Programs	**$0.00**	**$29,623,440.38**	**$0.00**	**$29,623,440.38**
TOTAL Renewable Energy Programs	**$187,448,034.76**	**$60,425,045.38**	**$302,000.00**	**$248,175,080.14**

By Order dated April 3, 2009, Docket Nos. EO07030203 and EO09030212, the Board approved a reallocation of the CORE program budget to the various budget categories to allow for all eligible projects in the public queue to receive a rebate approval. Honeywell included a CORE budget table in its revised compliance filing that updated the 2009 CORE rebate budget categories to take into consideration projects that have been completed and paid and to account for differences between the estimated and actual 2008 expenses. The following is the proposed revised 2009 CORE program rebate budget:

Customer On-Site Renewable Energy Program
Revised 2009 Budget Allocation

Budget Categories	Revised 2009 Budget Allocation
<=10kW Private	$27,583,000.00
>10kW Private	$31,145,047.76
Public- Non Schools	$44,810,000.00
Public Schools K-12	$31,658,000.00
SUNLIT	$3,625,000.00
Wind and Biomass	$2,922,000.00
Total All RE Projects	**$141,743,047.76**

Staff recommends that the CORE budget proposed by Honeywell above be reduced by $2.1 million with the funds reallocated to the updated Ecological Baseline Study discussed above. Staff recommends that the Board direct Honeywell to submit a revised 2009 CORE budget allocation that reflects a reduction of $2.1 million compared to the budget shown above.

The following table shows the proposed revisions to the OCE Oversight budget:

Revised 2009 OCE Oversight Budget

(All numbers = 000's)	Board Approved 2009 Budget	Additional Carry Over	Line Item transfers	Revised 2009 Budget
	(a)	(b)	(c)	(d) = (a)+(b)+(c)
Administration and Overhead				
OCE Staff and Overhead	$2,423,000.00	$1,077,212.44	($1,077,212.44)	$2,423,000.00
Program Coordinator	$2,179,123.00	($106,108.25)	($1,000.00)	$2,072,014.75
Appliance Standards Rules	$50,000.00	$0.00		$50,000.00
Memberships-Dues				
Northeast Energy Efficiency Partnership Sponsorship including EMV Regional Protocol Forum	$600,000.00	$5,960.00	($5,960.00)	$600,000.00
Clean Energy States Alliance	$155,000.00	$17,057.00		$172,057.00
Consortium for Energy Efficiency	$125,000.00	$10,183.00		$135,183.00
National Association of State Energy Officials and ACORE	$15,000.00	$15,000.00	($15,000.00)	$15,000.00
National Association of Regulatory Utility Commissioners	$5,000.00	$5,000.00	($5,000.00)	$5,000.00
USGBC/Other Memberships	$30,000.00	$0.00		$30,000.00
Sub-Total: Administration and Overhead	$5,582,123.00	$1,024,304.19	($1,104,172.44)	$5,502,254.75
Evaluation and Related Research				
Rutgers-CEEEP	$500,000.00	$223,017.09	($223,017.09)	$500,000.00
Renewable Energy Market Assessment	$0.00	$172.50	($172.50)	$0.00
Impact Evaluation	$230,000.00	$283,240.00		$513,240.00
Funding Reconciliation	$50,000.00	$740.00	($740.00)	$50,000.00
O&M Scoping Study/Online Academy	$450,000.00	$100,000.00	($100,000.00)	$450,000.00
Other Studies/Job Training Pilot	$400,000.00	$100,000.00	($100,000.00)	$400,000.00
Program Evaluation	$1,100,000.00	$0.00		$1,100,000.00
Northeast Energy Efficiency Partnership Scoping Study	$37,000.00	$131,326.50	($36,000.00)	$132,326.50
Sub-Total: Evaluation and Related Research	$2,767,000.00	$838,496.09	($459,929.59)	$3,145,566.50
Marketing and Communications				
Business Outreach	$100,000.00	($144,110.56)	$44,110.56	$0.00
Energy Savings Campaigns	$590,000.00	($450,696.13)	($124,000.00)	$15,303.87
Web Site	$300,000.00	$210,730.07	($210,730.07)	$300,000.00
Annual report, marketing administration	$10,000.00	($29,419.79)	$19,419.79	$0.00
Research	$100,000.00	$105,968.83	($205,968.83)	$0.00
Outreach and Education/Community Partner Grants	$100,000.00	$327,656.70		$427,656.70
Sub-Total: Marketing and Communications	**$1,200,000.00**	**$20,129.12**	**($477,168.55)**	**$742,960.57**
TOTAL: Administration	**$9,549,123.00**	**$1,882,929.40**	**($2,041,270.58)**	**$9,390,781.82**
Transferred to EE Budget			$2,041,270.58	
Total Line Item transfers			$0.00	

The following tables are the detailed budgets for OCE managed portion of the Energy Efficiency and Renewable Energy programs and the OCE Oversight budget. The OCE recommends approval of the 2009 budgets set out in the tables below.

Office of Clean Energy
Energy Efficiency Program Compliance Filing
Detailed Final 2009 Budgets

Energy Efficiency Programs	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Dircet Incentives	Rebate Processing, Inspections, and Other Quality Control	Evaluation and Related Research
Special Studies	$1,055,312				$1,055,312		
Cool Cities	$4,000,000	$400,000	$180,500		$3,395,500		$24,000
State of NJ Statewide EE Projects	$10,000,000				$10,000,000		-
Total Energy Efficiency	$15,055,312	$400,000	$180,500	$0	$14,450,812	$0	$24,000

Office of Clean Energy
Renewable Energy Programs Compliance Filing
Detailed Final 2009 Budgets

Renewable Energy Programs	Total	Administration and Program Development	Sales, Call Centers, Marketing and Website	Training	Rebates, Grants, and Other Dircet Incentives	Rebate Processing, Inspections, and Other Quality Control	Evaluation and Related Research
Offshore Wind Solicitation	$12,000,000.00				$12,000,000.00		
Renewable Energy Program: Grid Connected (Formerly REDI)	$10,201,605.00				$10,201,605.00		
Renewable Energy Program: Customer Sited	$500,000.00					$500,000.00	
Edison Innovation Clean Energy Fund	$6,000,000.00	$60,000.00			$5,940,000.00		
DEP Ecological Baseline Study	$2,100,000.00						$2,100,000.00
SUB-TOTAL Renewables	$28,701,605.00	$60,000.00	$0.00	$0.00	$28,141,605.00	$500,000.00	
EDA PROGRAMS	$0.00						
RE Project Grants and Financing	$4,085,967.00				$4,085,967.00		
Renewable Energy Business Venture Financing/REED	$1,537,473.38				$1,537,473.38		
Edison Innovation Clean Energy Manufacturing Fund	$24,000,000.00	$180,000.00			$23,820,000.00		
SUB-TOTAL EDA Programs	$29,623,440.38	$180,000.00	$0.00	$0.00	$29,443,440.38	$0.00	
Total RE	$58,325,045.38	$240,000.00	$0.00	$0.00	$57,585,045.38	$500,000.00	

Office of Clean Energy
OCE Oversight Compliance Filing
Detailed Final 2009 Budget

	2009 Budget	Administration and Program Development	Sales, Call Centers, Marketing and Website	Rebate Processing,Inspections and Other Quality Control	Evaluation and Related Research
Administration and Overhead					
OCE Staff and Overhead	$2,423,000.00	$2,423,000.00			
Program Coordinator	$2,072,014.75	$675,070.00	$514,264.75	$762,880.00	$119,800.00
Appliance Standards Rules	$50,000.00	$50,000.00			
Memberships-Dues					
Northeast Energy Efficiency Partnership Sponsorship including EMV Regional Protocol Forum	$600,000.00	$600,000.00			
Clean Energy States Alliance	$172,057.00	$172,057.00			
Consortium for Energy Efficiency	$135,183.00	$135,183.00			
National Association of State Energy Officials and ACORE	$15,000.00	$15,000.00			
National Association of Regulatory Utility Commissioners	$5,000.00	$5,000.00			
Other Sponsorships	$30,000.00	$30,000.00			
Sub-Total: Administration and Overhead	**$5,502,254.75**	**$4,105,310.00**	**$514,264.75**		**$119,800.00**
Evaluation and Related Research					
Rutgers-CEEEP	$500,000.00				$500,000.00
Impact Evaluation	$513,240.00				$513,240.00
Funding Reconciliation	$50,000.00				$50,000.00
O&M Scoping Study/Online Academy	$450,000.00				$450,000.00
Other Studies/Job Training Pilot	$400,000.00				$400,000.00
Program Evaluation	$1,100,000.00				$1,100,000.00
Northeast Energy Efficiency Partnership Scoping Study	$132,326.50				$132,326.50
Sub-Total: Evaluation and Related Research	**$3,145,566.50**	**$0.00**	**$0.00**		**$3,145,566.50**
Marketing and Communications					
Business Outreach/Conference	$0.00				
Energy Savings Campaigns	$15,303.87		$15,303.87		
Web Site	$300,000.00		$300,000.00		
Annual report, marketing administration	$0.00				
Research	$0.00				
Outreach and Education Grants	$427,656.70		$427,656.70		
Sub-Total: Marketing and Communications	**$742,960.57**	**$0.00**	**$742,960.57**		**$0.00**
TOTAL: Administration	**$9,390,781.82**	**$4,105,310.00**	**$1,257,225.32**		**$3,265,366.50**

Discussion and Findings

The Board has reviewed the revisions to the program budgets proposed by the OCE as discussed above. The Board is supportive of efforts to stimulate additional program participation, particularly in the "whole building" programs as recommended in the Energy Master Plan. A significant portion of the additional funding that has become available has been allocated to a "whole building" program, namely, the Home Performance with Energy Star program. Staff has proposed reallocating a total of $2,925,203.21 that comes from the OCE Oversight budget ($2,041,270.58); the EDA interest earned on unspent funds plus loan repayments and interest on outstanding loans received by EDA in 2008 ($884,036.00); and the deduction of the one time adjustment ($103.37). Staff proposes reallocating the $2,925,203.21 to the energy efficiency program budget, which will be available as additional incentives for customers to participate in the programs. TRC has proposed reallocating an additional $6 million to the LGEA program so that additional local government entities can participate in the energy audit program. Based on the above, the Board **HEREBY FINDS** these reallocations to be reasonable and **APPROVES** the revised budgets set out in the tables above.

The Board has reviewed the changes to the detailed budgets proposed by Honeywell, TRC, the Utilities and the OCE as well as the OCE's recommendations discussed above. The Board **HEREBY FINDS** the proposed changes to the detailed budgets are reasonable and necessary to align the budgets with the revised funding levels, to reflect the revised 2009 budgets approved by the Board herein, and to reflect other changes that have occurred since the Board approved the initial 2009 budgets. Therefore, the Board **HEREBY APPROVES** the revised compliance filings submitted by Honeywell, TRC, the OCE, and the Utilities, including the revised detailed budgets as set out in the tables above and the revised program descriptions as set out in the revised compliance filings. The Board **FURTHER APPROVES** Staff's recommendations modifying those filings.

The Board recently approved the application for SEP funds that will utilize funding made available under the American Recovery and Reinvestment Act of 2009 (ARRA). That application proposed expansion of several of the existing NJCEP programs to customers that are not currently eligible, such as customers of municipal utilities or oil or propane heating customers.

Staff has proposed that the administrative fees associated with the processing of applications from these customers be paid from the NJCEP fund. That is, for example, if an oil heating customer located in a municipal electric utility service territory chose to participate in the Home Performance with Energy Star (HPwES) program, Honeywell would process the application in a similar manner to any other HPwES application, but the incentives to the customer would be paid from the federal grant. The Board notes that this same issue could potentially arise in the context of programs funded through other sources such as the proposed utility programs, programs funded with retail margin funds, and programs funded through Regional Greenhouse Gas Initiative (RGGI) auction funds.

The Board **HEREBY FINDS** that over the past several years extensive resources have been expended to develop a structure for administering the NJCEP programs. This included development of processes and procedures for processing applications, performing inspections, tracking program participation data and reporting program results. The Board believes this infrastructure should be utilized for the new non-NJCEP programs including but not limited to the following non-NJCEP funding programs: the ARRA SEP programs, the SEP programs, the Retail Margin Fund programs, the Regional Greenhouse Gas programs and the utilities E3 programs to avoid duplication of effort and to minimize administrative expenses. Therefore, subject to State appropriations law authorizing the use of NJCEP funds to pay for expenses related to processing applications and other administrative expenses for non-NJCEP funded programs (such as the ARRA programs), the Board **HEREBY AUTHORIZES** Honeywell, TRC and Applied Energy Group (AEG) to utilize existing contract lines, or modified contracts as required, and to charge administrative expenses related to supporting non-NJCEP programs to the NJCEP program. Honeywell, TRC, and AEG shall make these modifications to expand the scope of their contracts with no change to the prices charged for their services. The Board **HEREBY DIRECTS** staff to work with Honeywell, TRC and AEG as well as the various other state agencies and utilities managing the various non-NJCEP funded programs as noted above to develop the appropriate tracking and reporting procedures as part of the NJCEP monthly activity report. The monthly activity report shall include, at a minimum, the total budget, the funds expended for the month and year to date, the participants and the energy saving or generation performance for all specific programs under each non-NJCEP funding program.

DATED: 8/7/09

BOARD OF PUBLIC UTILITIES
By:

Jeanne M. Fox
JEANNE M. FOX
PRESIDENT

Frederick F. Butler
FREDERICK F. BUTLER
COMMISSIONER

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Nicholas Asselta
NICHOLAS ASSELTA
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COMMISSIONER

ATTEST: Kristi Izzo
KRISTI IZZO
SECRETARY

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

Kristi Izzo