



State of New Jersey
DIVISION OF RATE COUNSEL
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Governor

SHEILA OLIVER
Lt. Governor

STEFANIE A. BRAND
Director

February 12, 2018

Via Hand Delivery and Electronic Mail

Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

**Re: Proposed NJCEP 3rd Revised FY2018 Budget
BPU Dkt. No. QO17050465**

Dear Secretary:

Pleased accept the within comments (an original and ten copies) submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") in connection with the above-captioned matter. Copies of the comments are being provided to all parties on the e-service list by electronic mail and hard copies will be provided upon request to our office.

We are enclosing one additional copy of the comments. Please stamp and date the extra copy as "filed" and return it in our self-addressed stamped envelope.

The Division of Rate Counsel ("Rate Counsel") would like to thank the Board of Public Utilities ("BPU" or "the Board") for the opportunity to present comments on the proposed

changes to the Clean Energy Program (“CEP”) proposed by the Office of Clean Energy (“OCE”, “Board Staff”).

The OCE proposes the following FY2018 CEP budget revisions:

Lighting Incentives	(\$1,796,025.75)
Comfort Partners	\$6,000,000.00
State Facilities	\$3,000,000.00
EDA Programs	(\$1,944,416.48)

In addition, the OCE proposes to reallocate \$150,000 for the BPU’s National Renewable Energy Laboratory (“NREL”) contract from the Rutgers University Center for Energy, Economic and Environmental Policy (“CEEPP”) budget line to the “Program Evaluation” budget line. The OCE claims that its recommended budget revisions are based on its review of the Program Administrator’s monthly and yearly reporting, as well as forecasting of actual commitments and expenditures for the first half of FY2018. In turn, OCE provide additional funding to certain programs and reduced funding for other programs.

Furthermore, as set forth below, the OCE also proposed budget revisions for other CEP subprograms without corresponding support in its request for comments. The budget revisions proposed by the OCE represent a net increase in CEP budget which amounts to approximately \$1.8 million. Each of the proposed revisions is addressed in more detail below.

Lighting Incentives Program

In FY17, \$5,200,000.00 was accrued against the CEP Energy Efficiency (“EE”) program (“EEP”) budget to cover the estimated cost of incentives to be paid to manufacturers and retailers of energy efficient lighting. The OCE found that the lighting incentive program was only required to pay \$3,403,974.25 in incentives during FY2018. Therefore, the remaining

\$1,796,025.75 is available for allocation to other programs during FY18. Based on the OCE's projected expenditures for this program, the proposed re-allocation appears reasonable.

However, the OCE should provide additional information about the cost-effectiveness of the incentive program and the reasons for any reduced uptake for the program incentives.

Comfort Partners

The Comfort Partners program helps low income households with energy education, energy efficiency measures, and conservation. The proposed \$6 million increase in funding would restore the \$6 million originally cut from the program's FY18 budget, as compared to FY17. The FY2018 budget for the Comfort Partners amounts to \$24 million, which represents a 20 percent decrease from the \$30 million budget for the Comfort Partners program in the FY2017 budget. In its June 20, 2017 comments on the proposed FY2018 budget, Rate Counsel noted, as indicative of the need for such programs, that the Comfort Partners program has consistently expended its budgeted funds in prior fiscal years and the budgeted amount should be increased. Rate Counsel notes that this is the only CEP program that specifically targets low-income households and supports the proposed increase in the Comfort Partners program budget.

State Facilities Initiative

This program identifies and implements EE projects in State-owned facilities or State-sponsored projects with the objective of producing energy and cost savings. The OCE proposes an increase of \$3 million in the budgeted amount for this program to support new capital projects and energy audits of state facilities. Rate Counsel does not object to the proposed budget increase, however, more information about the EE projects underlying the proposed increase should be provided.

EDA Programs

The OCE bases its proposed reduction of \$1,944,416.48 in the budget for this program on the subsequent cancellation of certain Green Growth Fund commitments. Based on this development, Rate Counsel does not object to the proposed reduction in the EDA Programs budget.

Planning and Administration – NREL Work

The proposed re-allocation to a separate budget line of \$150,000 for program evaluation work by NREL which was originally included in the “Rutgers CEEEP” budget line seems reasonable, given the circumstances. However, the OCE should provide further details regarding the sources and uses of funds needed to perform the work which was performed in prior years by the Rutgers University CEEEP.

Other Program Budget Revisions

The Table entitled “Proposed 3rd Revised FY18 Budget Modification” attached to the request for comments also contains a number of additional proposed budget revisions without any corresponding explanation of the need for the proposed revision. For example, revisions are proposed for the subprograms within the Residential EE Program (i.e. HVAC, RNC, and HPwES), Commercial and Industrial (“C&I”) EE Program (i.e. C&I NC, C&I EB, P4P NC, P4P EB, LGEA, DI, and LEUP), Distributed Energy Resources Program (i.e. CHP/Fuel Cell), and EDA Programs (i.e. CEMF). The OCE should provide information to support its proposed revisions to the budgets for these programs. Absent such support, Rate Counsel cannot provide meaningful comments on the proposed budget revisions for those programs. Rate Counsel reserves its right to supplement these comments if additional information is provided.

Thank you for your consideration of the within comments.

Respectfully submitted,

STEFANIE A. BRAND
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February 12, 2018

Board of Public Utilities
NJ Office of Clean Energy
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P.O. Box 350
Trenton, NJ 08625-0350

Re: NJCEP – “Request for Comments regarding Proposed Modifications to the FY18 Budget”

Dear Ms. Jones:

On January 29, 2018, the NJ Board of Public Utilities, Office of Clean Energy (“OCE”), issued a request for comments on Proposed Modifications to the FY18 Budget for New Jersey’s Clean Energy Program. I am writing on behalf of six of the electric and natural gas companies (“the utilities”) that are members of the New Jersey Utilities Association (“NJUA”)¹ to express our support for the proposal. NJUA is the New Jersey statewide trade association for investor-owned utilities that provide essential water, wastewater, electric, natural gas, and telecommunications services 24 hours a day, 7 days a week, 365 days a year.

The Utilities appreciate the proposal’s intention to transfer \$6 million to the NJCEP Comfort Partners Program (“Comfort Partners”) budget. Comfort Partners is a free energy saving and energy education program for qualified low-income customers. The utilities have collaboratively administered this program for more than 17 years and helped over 109,000 low income customers. Through this program, the utilities partner with our customers who are most in need to help them save energy and money and make their homes healthier and more energy efficient. Certified Building Performance Institute contractors install energy saving measures in their home at no cost and customers are coached on how to conserve energy. The objectives of the program perfectly align with Governor Murphy’s Administration’s Environment and Energy Transition Advisory Committee Report that called for a focus on low-income households as part of the state’s energy efficiency strategy.

This proposed budget change would restore the Comfort Partners budget to the \$30 million annual funding level. It will provide benefits on multiple fronts:

- It is critical to continue to serve the needs of our most at risk customers.

¹The six NJUA member companies participating in this submission include: Atlantic City Electric, New Jersey Natural Gas, South Jersey Gas, Elizabethtown Gas, JCP&L, and PSE&G.

Aqua New Jersey, Inc. • Atlantic City Electric Company • Atlantic City Sewerage Company • Elizabethtown Gas • Gordon’s Corner Water Company • Jersey Central Power & Light, A FirstEnergy Company • Middlesex Water Company • New Jersey American Water • New Jersey Natural Gas. • Public Service Electric & Gas Company • Rockland Electric Company • South Jersey Gas • SUEZ • Verizon New Jersey

- It would support employment for the companies serving that market.
- It helps offset the on-going uncertainty regarding Federal budgets for weatherization and energy assistance programs, and it is incredibly important to reinforce the State's commitment to serve this customer segment.
- It has the potential to reduce future costs for all customers by reducing the costs associated with the Universal Service Fund program as the work performed, i.e. energy efficiency measures installed, through the Comfort Partners program directly reduces the energy burden of participating customers.

We applaud the Board's efforts to help our member companies better serve their customers through the Comfort Partners program and strongly support the proposal to restore the funding. Thank you again for the opportunity to participate in this process. We appreciate your consideration of our comments and look forward to an ongoing collaborative effort.

Sincerely,



Thomas R. Churchelow, Esq.
Senior Director, Government and Public Affairs
New Jersey Utilities Association