

Office of Clean Energy
Proposed Modifications to 2011 NJCEP Budgets
March 9, 2011

By Order dated December 22, 2010 the Board approved initial 2011 budgets for the NJCEP. The budgets were based, in part, on estimates of 2010 expenses and the Order noted that the budgets would be revised/trued up once actual 2010 expenses were complete and final.

Actual 2010 expenses are now complete and final. Staff is now in the process of developing proposed revisions to the 2011 budgets for consideration by the Board. The proposed budget revisions reflect the difference between the estimated 2010 expenses used to develop the initial 2011 budgets and actual 2010 expenses. Staff is also proposing several other changes to the budgets as discussed more fully below.

The 2011 budgets included estimated carry over/unspent funding from 2010. Estimated 2010 carry over was calculated by deducting estimated 2010 expenses from the Board approved 2010 budgets. Now that actual 2010 expenses are known, actual carry over can be calculated.

The difference between the estimated and actual carry over is referred to as additional carry over which is available for allocation to programs and has been calculated to be equal to approximately \$42 million. The following discusses the major changes to the 2011 budgets proposed by Staff including the proposed reallocation of the additional carry over:

- In the 2011 budget Order the Board directed the OCE to coordinate the development of a pilot program for the large energy users but did not approve a budget for this program. Staff is currently developing a proposed pilot program for consideration by the Board. Staff is proposing that the revised budget include \$20 million in funding for the large energy users pilot program from a reallocation of additional carry over from programs that do not require the funding to meet anticipated 2011 expenses.
- Reallocate \$5.3 million to the HVAC program. The program received a large influx of applications at the end of 2010 and given current trends will require these funds to meet anticipated 2011 expenses.
- Reallocate \$3.4 million to the Energy Efficient Products program. One of the components of this program provides upstream incentives to manufacturers and retailers to provide discounted Energy Star products to customers such as CFLs, electronics and appliances. Staff proposes that the additional funding be utilized for additional upstream promotions.
- Reallocate \$3 million to the C&I Retrofit program. Program participation levels have been trending up and this funding would be used to meet anticipated 2011 expenses.
- Reduce the CORE and REIP budgets in total by approximately \$6 million to reflect cancelled solar rebate commitments and the CHP budget by \$2 million to reflect cancelled CHP projects.
- The Board recently awarded a \$25 million contract to Affordable Housing Association (AHA) for the Temporary Relief from Utility Expenses (TRUE) Grant. In the initial 2011 budget this \$25 million line item was noted in the 2011 NJCEP budget as part of the \$77 million line item under the term "Legislative Action". This \$77 million amount was

noted as a below the line item, (i.e. not included in the NJCEP budget). Because of the TRUE grant award Staff is now proposing to reallocate the \$25 million from below the line and will include this funding for the TRUE Grant as part of the revised NJCEP budget. This item is not impacted on or by the \$42 million in additional carryover.

- The Board engaged WithumSmith and Brown to perform a reconciliation of NJCEP funding for the years 2001-2009. Staff is currently reviewing a draft report that will be presented to the Board for acceptance in the near future. The draft report indicates that the utilities are due a net credit of \$1.993 million. The proposed budgets are reduced by this amount to reflect the anticipated credit.
- Staff proposes numerous other line item transfers within the budget, primarily to zero out the budget for discontinued programs, or to reallocate additional carry over from programs that do not require the additional funding to meet anticipated 2011 expenses to the large energy users pilot or to programs that require additional funding to meet anticipated program expenses.

Detailed budgets incorporating the changes proposed by Staff are attached.

Comments are due by 5:00 p.m. March 18, 2011 and should be submitted to:

oce@bpu.state.nj.us

and;

publiccomments@njcleanenergy.com

The proposed budget modifications will also be discussed at the March 16th meetings of the EE and RE committees. Details regarding the time and location of these meetings are posted on the NJCEP web site at:

<http://www.njcleanenergy.com/main/clean-energy-council-committees/clean-energy-committee-meetings-notes>

Revised 2011 Funding Levels

	2011 Budget From 12/22/10 Board Order	Additional Carryover	Funding Adjustments	Revised 2011 Funding Levels	Committed Expenses as of 1/31/2011	Revised 2011 Funding Less Commitments
	(a)	(b)	(c)	(d)=(a)+(b)+(c)	(e)	(f)=(d)-(e)
Energy Efficiency Programs	\$292,982,900.51	\$22,222,551.66	\$5,225,000.00	\$320,430,452.17	\$64,594,958.11	\$255,835,494.06
Renewable Energy Programs	\$84,534,451.41	\$16,956,706.60	(\$5,933,267.00)	\$95,557,891.01	\$68,681,099.00	\$26,876,792.01
EDA Programs	\$56,616,156.30	\$1,075,758.00	(\$57,760.92)	\$57,634,153.38	\$9,806,242.00	\$47,827,911.38
OCE Oversight	\$7,966,637.81	\$1,459,413.00	(\$1,725,000.00)	\$7,701,050.81	\$0.00	\$7,701,050.81
TRUE Grant	\$0.00	\$0.00	\$25,000,000.00	\$25,000,000.00	\$25,000,000.00	\$0.00
Total	\$442,100,146.03	\$41,714,429.26	\$22,508,972.08	\$506,323,547.37	\$168,082,299.11	\$338,241,248.26
Legislative Action	\$77,000,000.00	\$0.00	(\$24,500,000.00)	\$52,500,000.00	\$52,500,000.00	\$0.00
Total	\$519,100,146.03	\$41,714,429.26	(\$1,991,027.92)	\$558,823,547.37	\$220,582,299.11	\$338,241,248.26

Funding Adjustments	EE	RE	EDA	OCE	True Grant	Legislative Action
EDA Interest & Loan Payments True-up			(\$57,760.92)			
Reverse CST Admin Fee Charge		\$60,000.00				
Funding Reconciliation Adjustment		(\$1,993,267.00)				
Transfer from Legislative Action to TRUE Grant					\$25,000,000.00	(\$25,000,000.00)
Transfer from RE to Legislative Action		(\$500,000.00)				\$500,000.00
Transfer from OCE Green Jobs to EE Special Studies	\$100,000.00			(\$100,000.00)		
Transfer Sustainable Jersey Budget from OCE Oversight to EE	\$625,000.00			(\$625,000.00)		
Transfer from RE and OCE to EE	\$4,500,000.00	(\$3,500,000.00)		(\$1,000,000.00)		
Total	\$5,225,000.00	(\$5,933,267.00)	(\$57,760.92)	(\$1,725,000.00)	\$25,000,000.00	(\$24,500,000.00)

Revised 2011 Energy Efficiency Program Budget

	Board Approved 2011 Budget	Additional Carry Over	Line Item Transfers/Funding Adjustments	Revised 2011 Budget	Commitments as of 1/31/11
Programs	(a)	(b)	(c)	(d)=(a)+(b)+(c)	(e)
Residential EE Programs					
Residential HVAC - Electric & Gas	\$19,786,157.98	(\$5,325,563.43)	\$5,325,563.43	\$19,786,157.98	
Residential New Construction	\$19,943,969.50	(\$541,818.17)	\$541,818.17	\$19,943,969.50	\$10,169,000.00
Energy Efficient Products	\$12,684,764.52	\$890,364.33	\$3,431,504.95	\$17,006,633.80	
Home Performance with Energy Star	\$34,826,860.71	\$11,558,468.58	(\$11,500,000.00)	\$34,885,329.29	\$8,575,533.00
Community Partners Initiative	\$0.00	\$277,460.77	(\$277,460.77)	\$0.00	
Residential Marketing	\$1,309,984.00	\$21,425.78	(\$21,425.78)	\$1,309,984.00	
Sub Total Residential	\$88,551,736.71	\$6,880,337.86	(\$2,500,000.00)	\$92,932,074.57	\$18,744,533.00
Residential Low Income					
Comfort Partners	\$24,000,000.00	\$829,308.11		\$24,829,308.11	
Sub Total Low Income	\$24,000,000.00	\$829,308.11	\$0.00	\$24,829,308.11	\$0.00
C&I EE Programs					
C&I New Construction	\$9,275,462.98	(\$408,319.57)		\$8,867,143.41	\$2,382,363.51
C&I Retrofit	\$36,478,000.37	\$393,881.28	\$3,027,569.65	\$39,899,451.30	\$14,615,451.39
Pay-for-Performance New Construction	\$7,487,494.56	(\$15,848.60)		\$7,471,645.96	\$160,739.50
Pay-for-Performance	\$53,849,676.30	\$1,506,025.20	(\$3,000,000.00)	\$52,355,701.50	\$12,737,360.15
CHP	\$1,003,979.92	\$1,998,142.91	(\$2,000,000.00)	\$1,002,122.83	\$2,000,000.00
Local Government Energy Audit	\$12,115,170.97	\$894,850.00	(\$894,850.00)	\$12,115,170.97	\$3,086,219.18
Direct Install	\$29,330,115.70	\$9,566,035.22	(\$11,000,000.00)	\$27,896,150.92	\$9,499,438.28
TEACH	\$338,462.00	\$344,367.50		\$682,829.50	\$800,000.00
Marketing	\$1,075,000.00	\$132,719.65	(\$132,719.65)	\$1,075,000.00	
Large Energy Users Pilot	\$0.00	\$0.00	\$20,000,000.00	\$20,000,000.00	
Sub Total C&I	\$150,953,362.80	\$14,411,853.59	\$6,000,000.00	\$171,365,216.39	\$45,281,572.01
Other EE Programs					
Green Jobs and Building Code Training	\$477,801.00	\$101,052.10	\$100,000.00	\$678,853.10	\$568,853.10
Competitive Grant-Loan Solicitation	\$30,000,000.00	\$0.00		\$30,000,000.00	
Sustainable Jersey	\$0.00	\$0.00	\$625,000.00	\$625,000.00	
Sub Total Other Energy Efficiency Programs	\$30,477,801.00	\$101,052.10	\$725,000.00	\$31,303,853.10	\$568,853.10
Total Energy Efficiency	\$293,982,900.51	\$22,222,551.66	\$4,225,000.00	\$320,430,452.17	\$64,594,958.11

Note: Sustainable Jersey transferred from OCE budget to EE budget

Rename Special Studies: Green Jobs and Building Code Training

Note: EE funding adjustment is reduced by \$1 M to reflect initial budgets were \$1 M > available funding

Revised 2011 Renewable Energy Program Budget

	Board Approved 2011 Budget	Additional Carry Over	Line Item Transfers/Funding Adjustments	Revised 2011 Budget	Commitments as of 1/31/11
Programs	(a)	(b)	(c)	(d)=(a)+(b)+(c)	(e)
Customer On-Site Renewable Energy	\$20,508,432.52	\$5,154,708.66	(\$1,994,467.00)	\$23,668,674.18	\$22,215,180.00
Clean Power Choice	\$68,400.00	\$52,209.61	(\$52,209.61)	\$68,400.00	
Offshore Wind	\$10,970,253.00	\$900,000.00		\$11,870,253.00	\$11,870,253.00
Renewable Energy Program: Grid Connected (Formerly REDI)	\$10,455,973.00	\$745,632.00	\$81,226.73	\$11,282,831.73	\$3,856,320.00
Renewable Energy Incentive Program	\$39,761,309.89	\$9,191,145.21	(\$3,940,000.00)	\$45,012,455.10	\$27,084,069.00
RE Marketing	\$0.00	\$29,017.12	(\$29,017.12)	\$0.00	
Edison Innovation Clean Energy Fund (formerly CST)	\$2,770,083.00	\$883,994.00	\$1,200.00	\$3,655,277.00	\$3,655,277.00
SUB-TOTAL Renewables	\$84,534,451.41	\$16,956,706.60	(\$5,933,267.00)	\$95,557,891.01	\$68,681,099.00

Revised 2011 EDA Program Budget

	Board Approved 2011 Budget	Additional Carry Over	Line Item Transfers/Funding Adjustments	Revised 2011 Budget	Commitments as of 1/31/11
Programs	(a)	(b)	(c)	(d)=(a)+(b)+(c)	(e)
EDA PROGRAMS					
RE Project Grants and Financing	\$0.00	\$0.00		\$0.00	\$0.00
Renewable Energy Business Venture Financing/REED	\$0.00	\$0.00		\$0.00	\$0.00
Clean Energy Manufacturing Fund	\$34,616,156.30	\$1,075,758.00	(\$57,760.92)	\$35,634,153.38	\$9,806,242.00
Edison Innovation Green Growth Fund	\$4,000,000.00	\$0.00		\$4,000,000.00	\$0.00
EE Revolving Loan Fund	\$18,000,000.00	\$0.00		\$18,000,000.00	\$0.00
Total EDA Programs	\$56,616,156.30	\$1,075,758.00	(\$57,760.92)	\$57,634,153.38	\$9,806,242.00

Revised 2011 OCE Oversight Budget

	Board Approved 2011 Budget	Additional Carry Over	Line Item Transfers/Funding Adjustments	Revised 2011 Budget	Commitments as of 1/31/11
	(a)	(b)	(c)	(d)=(a)+(b)+(c)	(g)
Administration and Overhead					
OCE Staff and Overhead	\$1,815,943.83	\$76,283.96	(\$414,728.75)	\$1,477,499.04	
Program Coordinator	\$2,067,983.00	\$297,410.25	(\$297,410.25)	\$2,067,983.00	
Memberships-Dues					
<i>Northeast Energy Efficiency Partnership Sponsorship including EMV Regional Protocol Forum</i>	\$0.00	\$27,861.00	(\$27,861.00)	\$0.00	
<i>Clean Energy States Alliance</i>	\$0.00	\$25,000.00		\$25,000.00	
<i>Consortium for Energy Efficiency</i>	\$0.00	\$133,817.00		\$133,817.00	
Sub-Total: Administration and Overhead	\$3,883,926.83	\$560,372.21	(\$740,000.00)	\$3,704,299.04	\$0.00
Evaluation and Related Research					
<i>Rutgers-CEEEP</i>	\$368,415.71	\$300,000.00	\$240,000.00	\$908,415.71	
<i>Funding Reconciliation</i>	\$0.00	\$21,055.00		\$21,055.00	
<i>O&M Scoping Study/Online Academy</i>	\$0.00	\$450,000.00		\$450,000.00	
<i>Other Studies</i>	\$0.00	\$44,566.75		\$44,566.75	
<i>Program Evaluation</i>	\$1,951,779.65	\$0.00		\$1,951,779.65	
<i>Financial Audits</i>	\$1,008,497.80	(\$10,335.45)	(\$500,000.00)	\$498,162.35	
<i>Green Jobs and Building Code Training</i>	\$100,000.00	\$0.00	(\$100,000.00)	\$0.00	
Sub-Total: Evaluation and Related Research	\$3,428,693.16	\$805,286.30	(\$360,000.00)	\$3,873,979.46	\$0.00
Marketing and Communications					
<i>Outreach and Education/Community Partner Grants</i>	\$29,017.82	\$93,754.49		\$122,772.31	\$154,185.47
<i>Sustainable Jersey</i>	\$625,000.00	\$0.00	(\$625,000.00)	\$0.00	
Sub-Total: Marketing and Communications	\$654,017.82	\$93,754.49	(\$625,000.00)	\$122,772.31	\$154,185.47
TOTAL: Administration	\$7,966,637.81	\$1,459,413.00	(\$1,725,000.00)	\$7,701,050.81	\$154,185.47