

Request for Comments
Proposed 3d Revision to FY17 NJCEP Budget

Background and Process

By Order dated February 4, 2014, the Board authorized its Staff to make revisions to NJCEP budgets so long as certain conditions are met. Specifically, the Board authorized its Staff to revise NJCEP budgets within a given Funding Category, such as Energy Efficiency (EE), Renewable Energy, etc., so long as the reallocation would not reduce any Program's Budget by more than 10%.

The Order requires Staff to provide a written notice to each Commissioner at least seven days prior to implementing any budget revision, which notice Staff has provided for these proposed revisions. In addition, the Order requires that notice and an opportunity to comment be provided before any budget revision is implemented, which requirement is satisfied by the issuance of this request for comments.

Proposed Budget Revisions

BPU Program Administration

The BPU Program Administration budget category, which is within the Planning and Administration Funding Category, includes two budget lines, one for BPU Program Administration, which covers the cost of Staff salaries and related costs, and the other for Program Transition, which covers expenses related to transitioning to the new Program Administrator. Staff monitored expenses against the BPU Program Administration budget and believed it was on track to remain under budget in FY17; however, actual expenses exceeded the FY17 BPU Administration budget by \$35,717.49.

The overrun was due to the assessment of a Procurement Efficiency Assessment from the New Jersey Treasury Department, in the amount of \$248,138.15, assessed against NJCEP for the first time in FY17. The assessment, whose calculation is based on agency use of contracts and/or waivers administered by Treasury's Division of Purchase and Property, is used for the modernization of State procurement systems.

To cover this unanticipated shortfall, Staff recommends that \$35,717.49 be transferred from the FY17 Program Transition budget line to the BPU Program Administration budget line. This amount is less than 10% of the Program Transition budget line. No fees were charged against the Program Transition budget in FY17, accordingly, this proposed revision would have no adverse impact on such budget.

GGF

The FY17 budget also includes a budget line for Edison Innovation Green Growth Fund (GGF), which is within the EDA Funding Category and is managed by the New Jersey Economic Development Authority (EDA). Administrative fees paid to EDA are based on a formula that takes into account the level of funds committed to projects and other factors. The FY17 GGF budget line's Cost Category for Administration was set at \$28,000, however, pursuant to the formula, EDA charged \$75,092.79 for that Cost Category. Based on the above, Staff recommends that \$47,092.79 be transferred from the GGF Rebates, Grants, and Other Direct Incentives (Rebates) Cost Category to the GGF Administration Cost Category, which transfer would result in the GGF Administration Cost Category being sufficiently funded to cover its actual expenses and in a reduction of less than 10% in the GGF Rebates Cost Category.

The following tables show the budget previously approved by the Board, the proposed amount of transfers, and the resultant budget. No other budget revisions have been approved by Staff during FY17 for these programs.

| Proposed FY17 NJCEP Budget Modification | | | | | | |
|---|----------------|----------------------------|--|-----------------|--|---|
| FY17 Current Approved Budget | | | | | | |
| Program | Budget | Administratio n | Sales, Marketing, Website | Training | Rebates, Grants and Other Direct Incentives | Rebate Processing and QA |
| BPU Program Administration | \$2,400,000.00 | \$2,400,000.00 | | | | |
| Program Transition | \$672,847.22 | \$672,847.22 | | | | |
| EDA Edison Innovation Green Growth Fund | \$2,028,000.00 | \$28,000.00 | | | \$2,000,000.00 | |
| Proposed Budget Modifications by Cost Category | | | | | | |
| Program | Budget | Administratio n | Sales, Marketing, Website | Training | Rebates, Grants and Other Direct Incentives | Rebate Processing and QA |
| BPU Program Administration | | \$35,717.49 | | | | |
| Program Transition | | (\$35,717.49) | | | | |
| EDA Edison Innovation Green Growth Fund | | \$47,092.79 | | | (\$47,092.79) | |
| Proposed Revised Budget | | | | | | |
| Program | Budget | Administratio n | Sales, Marketing, Website | Training | Rebates, Grants and Other Direct Incentives | Rebate Processing and QA |
| BPU Program Administration | \$2,435,717.49 | \$2,435,717.49 | | | | |
| Program Transition | \$637,129.73 | \$637,129.73 | | | | |
| EDA Edison Innovation Green Growth Fund | \$2,028,000.00 | \$75,092.79 | | | \$1,952,907.21 | |

Process and Schedule for Submitting Comments

Staff is requesting comments on the Proposed Budget Revisions. Comments regarding the foregoing should be submitted to publiccomments@njcleanenergy.com by 5 pm on September 28, 2017, under the subject heading “Request for Comments - Proposed 3d Revision to FY17 NJCEP Budget.”