

REQUEST FOR COMMENTS

Proposed NJCEP FY17 Budget Revisions June 9, 2017

The Staff of the New Jersey Board of Public Utilities (Board or BPU) is proposing the following budget revisions to the FY17 budget and requesting comments on its proposals. Note, the proposed budget revisions described herein are reflected in the "FY18 Draft CRA and Budget," as those documents include an FY17 forecast.

BACKGROUNDS & PROPOSALS

Microgrids

New Jersey's Clean Energy Program's (NJCEP's) Town Center Microgrid (Microgrid) Program's request for Phase 1 applications resulted in the Program receiving substantially more applications in FY17 than originally anticipated. Specifically, the Program had expected to receive 5 to 10 applications representing a total value of approximately \$1,000,000.00, but the Program in fact received 13 applications representing a total value of more than \$2,000,000.00. Due to the number and quality of applications, there is a need for additional funding for this Program.

In addition, participation in the Renewable Energy Storage (RE Storage) Program has been, and is expected to remain, significantly lower than originally anticipated.

Based on the above, Board Staff recommends the Board approve the transfer of \$1,052,480.00 from the RE Storage Program "Rebates, Grants, and Other Direct Incentives" cost category to the Microgrid Program "Rebates, Grants and Other Direct Incentives" cost category to support approval of the higher than anticipated number of meritorious applications. Transferring these funds as proposed will not adversely impact the RE Storage Program.

EEP

The Retail Lighting component of NJCEP's Energy Efficient Products (EEP) Program has experienced higher than anticipated participation levels, creating a need to provide additional funding.

During FY17, participation in the Appliance Recycling component of the EEP Program has been, and is expected to remain, lower than originally anticipated. Further, the EEP Program has a small budget allocated to training development and delivery, and no trainings are needed or planned for the remainder of FY17. Finally, participation in the Home Performance with Energy Star (HPwES) has been, and is expected to remain, lower than originally anticipated.

Based on the above, Board Staff recommends the Board approve the transfer of \$1,070,003.06 from the EEP Program "Rebate Processing and QA" cost category, which is the cost category to which appliance recycling is charged, and \$25,000.00 from the EEP Program "Training" cost category. Board Staff further recommends the Board approve the transfer of \$3,724,000.00 from the HPwES "Rebates, Grants and Other Direct Incentives" cost category. These funds, which total \$4,819,003.06, would be transferred to the EEP Program "Rebates, Grants and Other Direct Incentives" cost category to support the higher than anticipated participation levels. Transferring these funds as proposed will not adversely impact the program components, including any Quality Assurance/Quality Control, from which the funds are proposed to be transferred.

State Energy Initiatives

Board Staff recommends the Board approve an increase in the State Energy Initiative budget from \$138,289,000.00 to \$208,261,000.00. This increase, funded with uncommitted balances, recognizes the \$20 million increase in State Energy Initiatives included in the FY17 Appropriations Act (enacted in June 2016) plus \$50 million anticipated in a FY17 supplemental appropriation, consistent with the State Treasurer's Revenue Update testimony on May 16, 2017.

PROCESS FOR SUBMITTING COMMENTS

Board Staff is requesting comments on the above proposals and Attachment A prior to presenting its recommendations to the Board for consideration. Comments should be submitted to:

publiccomments@njcleanenergy.com

by 5 pm on June 16, 2017 under the subject heading "Proposed NJCEP FY17 Budget Revisions."

ATTACHMENT A
BUDGET REVISION TABLES

The following table shows the current Board approved budgets for the relevant programs for the Microgrids and EEP revisions:

FY17 Current Approved Budget - February 22, 2017 Order						
		Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing and QA
Energy Efficiency Programs						
EE Products	\$24,532,000.00	\$1,186,329.12	\$38,941.72	\$25,000.00	\$19,925,659.14	\$3,356,070.02
Home Performance w Energy Star	\$31,201,953.41	\$1,366,006.17	\$38,941.72	\$157,500.00	\$27,762,498.71	\$1,877,006.81
Distributed Energy Resources Programs						
Renewable Energy Storage	\$7,825,482.04	\$294,607.19	\$38,941.72	\$25,000.00	\$7,349,491.30	\$117,441.83
Microgrids	\$1,000,000.00	\$0.00	\$0.00	\$0.00	\$1,000,000.00	\$0.00

The following table shows the proposed budget revisions for the relevant programs for the Microgrids and EEP revisions:

Proposed Budget Modifications by Cost Category						
		Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing and QA
Energy Efficiency Programs						
EE Products	\$3,724,000.00			(\$25,000.00)	\$4,819,003.06	(\$1,070,003.06)
Home Performance w Energy Star	(\$3,724,000.00)				(\$3,724,000.00)	
Total	\$0.00					
Distributed Energy Resources Programs						
Renewable Energy Storage	(\$1,052,480.00)				(\$1,052,480.00)	
Microgrids	\$1,052,480.00				\$1,052,480.00	
Total	\$0.00					

The following table shows the resultant budgets for the relevant programs for the Microgrids and EEP revisions if the proposed budget revisions are approved:

Proposed Revised Budget						
		Administration	Sales, Marketing, Website	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing and QA
Energy Efficiency Programs						
EE Products	\$28,256,000.00	\$1,186,329.12	\$38,941.72	\$0.00	\$24,744,662.20	\$2,286,066.96
Home Performance w Energy Star	\$27,477,953.41	\$1,366,006.17	\$38,941.72	\$157,500.00	\$24,038,498.71	\$1,877,006.81
Distributed Energy Resources Programs						
Renewable Energy Storage	\$6,773,002.04	\$294,607.19	\$38,941.72	\$25,000.00	\$6,297,011.30	\$117,441.83
Microgrids	\$2,052,480.00	\$0.00	\$0.00	\$0.00	\$2,052,480.00	\$0.00

[Space Intentionally Blank]

The following table shows the proposed State Energy Initiatives revisions:

Funding Sources & Uses
(\$000)

	FY17 Forecast	FY18 Budget	Variance
Sources			
Prior-year Commitments	\$ 132,182	\$ 147,188	\$ 15,006
Current-year Funding:			
Uncommitted carryforward	69,741	-	(69,741)
Societal Benefits Charge revenue	344,665	344,665	-
Interest & other revenue	1,741	1,706	(35)
Total Current-year Funding	\$ 416,147	\$ 346,371	\$ (69,776)
Total Funding Sources	\$ 548,329	\$ 493,559	\$ (54,770)
Uses			
Prior-year Commitments (a)	\$ 132,182	\$ 147,188	\$ 15,006
Current-year Funding Uses:			
New commitments; payment of incentives not previously committed; program operating expenses	207,886	163,110	(44,776)
State energy initiatives	208,261	183,261	(25,000)
Total Current-year Funding Uses	\$ 416,147	\$ 346,371	\$ (69,776)
Total Funding Uses	\$ 548,329	\$ 493,559	\$ (54,770)
Uncommitted Balance	\$ -	\$ -	\$ -

(a) includes payment of committed incentives in the current fiscal year or continued encumbrance for future payment